

Laguna Resorts & Hotels Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2019

## **Independent Auditor's Report**

To the Shareholders of Laguna Resorts & Hotels Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of income, comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Laguna Resorts & Hotels Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and of Laguna Resorts & Hotels Public Company Limited as at 31 December 2019, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Emphasis of matter**

I draw attention to the following notes to the financial statements.

- a) Note 3 and Note 4 to the financial statements regarding the change in accounting policy as a result of the adoption of TFRS 15 Revenue from contracts with customers. The Group has restated the 2018 consolidated financial statements, presented herein as comparative information, to reflect the change in accounting policy. The Group has also presented the consolidated statements of financial position as at 1 January 2018 as comparative information.
- b) Note 19 to the financial statements regarding the change in valuation approach of investment properties. The Group has recognised gain on change in valuation approach of investment properties of Baht 75 million in the consolidated income statements for year ended 31 December 2019.

My opinion is not qualified in respect of those matters.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

### ***Revenue recognition of hotel and property development***

Revenue from hotel and property development are the most significant amount in the consolidated income statement and it is a key performance indication to which the management and users of the financial statements pay particular attention. In addition, intense competition in the hotel and real estate industry in Phuket province, which is the key location of the Group operations, has significantly effected the Group's operating performance. There are therefore risks with respect to the timing of revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's IT system and its internal controls related to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls which respond to the above risks.
- Applying a sampling method to select agreements related to revenue recognition to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual revenue transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes and reversals of revenue transactions after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

### ***Fair value measurement of land, buildings and investment properties***

Land and buildings are stated at revalued amount and investment properties are stated at fair value. The management arranged for an independent valuer to appraise their fair value. The measurement of fair value is identified as a key audit matter because land, buildings and investment properties are the most significant amounts in the consolidated statement of financial position. In addition, the assessment of fair value required the management to exercise judgement in respect of the key assumptions and estimates, as described in Notes 19 and 20 to the financial statements. There are therefore risks with respect to the value of land, buildings and investment properties.

I assessed the management's determination of the fair value by performing the following procedures:

- Gaining an understanding of internal controls of the Group relevant to the measurement of fair value of land, buildings and investment properties.
- Evaluating the independence and competence of the independent valuer.
- Evaluating the scope and objectives of the engagement of the independent valuer, together with the appropriateness of valuation model or method and key assumptions used.
- Having discussions with the management and independent valuer and performing a review of key assumptions and methods applied in determination of fair value.
- Comparing the consistency of valuation model or method used and key assumptions with those used in the prior year.
- Reviewing the completeness and correctness of data prepared by management which were used in determination of fair value.
- Reviewing the disclosures related to land, buildings and investment properties in the note to financial statements.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audits, or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Rosaporn Decharkom  
Certified Public Accountant (Thailand) No. 5659

EY Office Limited  
Bangkok: 25 February 2020



Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements	
		31 December 2019	31 December 2018 (Restated)	1 January 2018	31 December 2019	31 December 2018
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	7	632,543,523	601,678,401	1,009,981,428	21,705,541	22,643,210
Current investment - short-term fixed deposit		-	14,044,883	13,006,461	-	-
Trade and other receivables	9	813,940,591	636,051,262	704,568,196	64,262,353	62,818,881
Inventories	11	88,325,038	101,116,835	112,597,365	-	-
Property development cost	12	4,138,397,889	3,815,339,965	3,985,979,399	111,429,000	111,429,000
Cost to obtain contracts with customers	13	99,982,089	70,722,274	61,156,814	-	-
Other current assets	14	241,838,015	271,722,731	138,879,245	15,194,230	15,115,506
<b>Total current assets</b>		<b>6,015,027,145</b>	<b>5,510,676,351</b>	<b>6,026,168,908</b>	<b>212,591,124</b>	<b>212,006,597</b>
<b>Non-current assets</b>						
Long-term restricted deposits at financial institutions	8	37,872,733	41,189	41,189	-	-
Long-term fixed deposit		2,268,852	2,178,200	2,178,200	2,268,852	2,178,200
Long-term trade accounts receivable	15	796,461,495	488,042,448	322,174,524	-	-
Investments in subsidiaries	16	-	-	-	4,242,655,371	4,242,655,371
Investments in associates	17	981,182,127	1,015,217,329	928,399,146	777,454,049	777,454,049
Other long-term investments	18	606,364,594	606,364,594	606,364,594	-	-
Long-term loans to subsidiaries	10	-	-	-	1,905,550,000	987,000,000
Investment properties	19	1,411,202,087	1,233,350,769	1,165,333,970	181,619,106	183,621,330
Property, plant and equipment	20	13,177,872,310	11,526,678,951	11,299,858,680	42,546,018	42,090,404
Deferred tax assets	34	54,198,090	78,025,222	98,127,654	-	-
Goodwill	16	407,903,881	407,903,881	407,903,881	-	-
Leasehold rights	21	5,811,485	8,637,717	11,460,947	-	-
Other non-current assets		30,152,248	25,917,223	76,852,868	1,342,353	1,342,053
<b>Total non-current assets</b>		<b>17,511,289,902</b>	<b>15,392,357,523</b>	<b>14,918,695,653</b>	<b>7,153,435,749</b>	<b>6,236,341,407</b>
<b>Total assets</b>		<b>23,526,317,047</b>	<b>20,903,033,874</b>	<b>20,944,864,561</b>	<b>7,366,026,873</b>	<b>6,448,348,004</b>

The accompanying notes are an integral part of the financial statements.

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements	
		31 December 2019	31 December 2018 (Restated)	1 January 2018	31 December 2019	31 December 2018
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Short-term loans from financial institutions	22	1,117,000,000	450,000,000	510,000,000	650,000,000	240,000,000
Trade and other payables	23	1,188,160,411	1,020,813,844	924,894,679	38,605,983	33,678,514
Current portion of long-term loans from financial institutions	25	899,235,358	673,343,101	518,609,850	37,000,000	3,875,000
Current portion of unsecured debenture		-	-	497,979,879	-	-
Income tax payable		26,851,373	38,800,305	38,182,203	-	-
Advance received from customers		955,996,163	904,919,466	812,247,751	175,310	503,847
Other current liabilities	24	261,323,369	195,430,761	159,674,257	24,225,492	7,621,536
<b>Total current liabilities</b>		<b>4,448,566,674</b>	<b>3,283,307,477</b>	<b>3,461,588,619</b>	<b>750,006,785</b>	<b>285,678,897</b>
<b>Non-current liabilities</b>						
Long-term loans from subsidiaries	10	-	-	-	173,000,000	433,500,000
Long-term loans from financial institutions - net of current portion	25	3,959,091,576	2,323,850,568	2,207,869,615	1,326,809,446	70,250,000
Long-term loan from related company	10	26,950,000	-	-	-	-
Provision for long-term employee benefits	26	74,328,953	65,492,702	55,168,001	19,637,813	16,270,273
Long-term provision - provision for legal cases	27, 44	18,314,159	20,681,911	41,017,534	-	-
Deferred tax liabilities	34	2,676,464,668	2,358,878,779	2,351,359,498	106,852,652	106,776,717
Other non-current liabilities		110,029,557	121,408,438	118,257,665	5,796,736	6,008,810
<b>Total non-current liabilities</b>		<b>6,865,178,913</b>	<b>4,890,312,398</b>	<b>4,773,672,313</b>	<b>1,632,096,647</b>	<b>632,805,800</b>
<b>Total liabilities</b>		<b>11,313,745,587</b>	<b>8,173,619,875</b>	<b>8,235,260,932</b>	<b>2,382,103,432</b>	<b>918,484,697</b>
<b>Shareholders' equity</b>						
Share capital						
Registered						
211,675,358 ordinary shares of Baht 10 each		2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580
Issued and fully paid-up						
166,682,701 ordinary shares of Baht 10 each		1,666,827,010	1,666,827,010	1,666,827,010	1,666,827,010	1,666,827,010
Share premium		2,062,460,582	2,062,460,582	2,062,460,582	2,062,460,582	2,062,460,582
Capital reserve	28	568,130,588	568,130,588	568,130,588	-	-
Retained earnings						
Appropriated - statutory reserve	30	211,675,358	211,675,358	211,675,358	211,675,358	211,675,358
Unappropriated		1,858,942,161	3,043,537,032	3,019,179,367	901,647,099	1,449,857,402
Other components of shareholders' equity		5,704,657,240	4,922,763,641	4,922,513,837	141,313,392	139,042,955
Equity attributable to owner of the Company		12,072,692,939	12,475,394,211	12,450,786,742	4,983,923,441	5,529,863,307
Equity attributable to non-controlling interests of the subsidiaries		139,878,521	254,019,788	258,816,887	-	-
<b>Total shareholders' equity</b>		<b>12,212,571,460</b>	<b>12,729,413,999</b>	<b>12,709,603,629</b>	<b>4,983,923,441</b>	<b>5,529,863,307</b>
<b>Total liabilities and shareholders' equity</b>		<b>23,526,317,047</b>	<b>20,903,033,874</b>	<b>20,944,864,561</b>	<b>7,366,026,873</b>	<b>6,448,348,004</b>

The accompanying notes are an integral part of the financial statements.

Directors

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018
<b>Revenue</b>	31				
Revenue from hotel operations		3,356,259,391	3,572,747,471	36,296,848	37,370,516
Revenue from property development operations		2,568,162,685	1,705,618,276	349,960	629,510
Revenue from office rental operations		91,182,662	98,667,116	21,577,181	21,339,103
Other income	32	142,215,981	101,404,100	1,227,348,803	172,276,789
<b>Total revenue</b>		<b>6,157,820,719</b>	<b>5,478,436,963</b>	<b>1,285,572,792</b>	<b>231,615,918</b>
<b>Expenses</b>					
Cost of hotel operations		2,083,085,206	2,043,390,377	29,434,088	29,441,874
Cost of property development operations		1,486,462,100	1,132,780,838	-	-
Cost of office rental operations		42,557,058	49,879,209	7,082,740	6,728,901
Selling expenses		476,391,632	430,865,563	2,068,056	1,590,391
Administrative expenses	44	1,359,129,324	1,518,113,767	173,749,198	184,508,760
<b>Total expenses</b>		<b>5,447,625,320</b>	<b>5,175,029,754</b>	<b>212,334,082</b>	<b>222,269,926</b>
<b>Profit before share of profit from investments in associates, finance cost and income tax expenses</b>		<b>710,195,399</b>	<b>303,407,209</b>	<b>1,073,238,710</b>	<b>9,345,992</b>
Share of profit from investments in associates	17	4,779,916	65,627,750	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>714,975,315</b>	<b>369,034,959</b>	<b>1,073,238,710</b>	<b>9,345,992</b>
Finance cost		(132,252,130)	(158,178,352)	(53,474,500)	(39,015,177)
<b>Profit (loss) before income tax expenses</b>		<b>582,723,185</b>	<b>210,856,607</b>	<b>1,019,764,210</b>	<b>(29,669,185)</b>
Income tax expenses	34	(224,517,782)	(127,630,259)	491,674	9,869,096
<b>Profit (loss) for the year</b>		<b>358,205,403</b>	<b>83,226,348</b>	<b>1,020,255,884</b>	<b>(19,800,089)</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		364,101,439	87,697,417	1,020,255,884	(19,800,089)
Non-controlling interests of the subsidiaries		(5,896,036)	(4,471,069)		
		<b>358,205,403</b>	<b>83,226,348</b>		
<b>Basic earnings per share</b>	35				
Profit (loss) attributable to equity holders of the Company		2.18	0.53	6.12	(0.12)

The accompanying notes are an integral part of the financial statements.

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018
<b>Profit (loss) for the year</b>	<b>358,205,403</b>	<b>83,226,348</b>	<b>1,020,255,884</b>	<b>(19,800,089)</b>
<b>Other comprehensive income (loss):</b>				
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency, net of income tax	2,140,604	8,004,633	-	-
Share of other comprehensive income (loss) from associates, net of income tax	17 (10,544,062)	1,023,085	-	-
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods, net of income tax	(8,403,458)	9,027,718	-	-
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>				
Change in revaluation of assets, net of income tax	812,375,853	-	2,270,437	-
Actuarial loss, net of income tax	26 -	(9,101,458)	-	(2,250,883)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods, net of income tax	812,375,853	(9,101,458)	2,270,437	(2,250,883)
<b>Other comprehensive income (loss) for the year</b>	<b>803,972,395</b>	<b>(73,740)</b>	<b>2,270,437</b>	<b>(2,250,883)</b>
<b>Total comprehensive income (loss) for the year</b>	<b>1,162,177,798</b>	<b>83,152,608</b>	<b>1,022,526,321</b>	<b>(22,050,972)</b>
<b>Total comprehensive income (loss) attributable to:</b>				
Equity holders of the Company	1,165,764,915	87,946,167	1,022,526,321	(22,050,972)
Non-controlling interests of the subsidiaries	(3,587,117)	(4,793,559)	-	-
	<b>1,162,177,798</b>	<b>83,152,608</b>		

The accompanying notes are an integral part of the financial statements.

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements															
Equity attributable to the owners of the Company															
	Issued and fully paid-up					Other components of shareholders' equity					Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity			
						Other comprehensive income							Share of other comprehensive income (loss) from associates	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company
						Retained earnings		Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on assets						
share capital	Share premium	Capital reserve	Appropriated - statutory reserve	Unappropriated											
<b>Balance as at 31 December 2017 - as previously reported</b>	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,970,280,205	113,690,579	4,799,913,498	8,909,760	4,922,513,837	12,401,887,580	258,790,598	12,660,678,178			
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting standard (Note 4)	-	-	-	-	48,899,162	-	-	-	-	48,899,162	26,289	48,925,451			
<b>Balance as at 31 December 2017 - as restated</b>	1,666,827,010	2,062,460,582	568,130,588	211,675,358	3,019,179,367	113,690,579	4,799,913,498	8,909,760	4,922,513,837	12,450,786,742	258,816,887	12,709,603,629			
Profit (loss) for the year (restated)	-	-	-	-	87,697,417	-	-	-	-	87,697,417	(4,471,069)	83,226,348			
Other comprehensive income (loss) for the year	-	-	-	-	(9,101,458)	8,327,123	-	1,023,085	9,350,208	248,750	(322,490)	(73,740)			
Total comprehensive income (loss) for the year (restated)	-	-	-	-	78,595,959	8,327,123	-	1,023,085	9,350,208	87,946,167	(4,793,559)	83,152,608			
Dividend paid (Note 37)	-	-	-	-	(63,338,698)	-	-	-	-	(63,338,698)	-	(63,338,698)			
Reversal of revaluation surplus on disposal of assets (Note 29)	-	-	-	-	9,100,404	-	(9,100,404)	-	(9,100,404)	-	-	-			
Liquidation of subsidiary	-	-	-	-	-	-	-	-	-	-	(3,540)	(3,540)			
<b>Balance as at 31 December 2018 - as restated</b>	1,666,827,010	2,062,460,582	568,130,588	211,675,358	3,043,537,032	122,017,702	4,790,813,094	9,932,845	4,922,763,641	12,475,394,211	254,019,788	12,729,413,999			
<b>Balance as at 31 December 2018 - as previously reported</b>	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,986,959,213	122,017,702	4,790,813,094	9,932,845	4,922,763,641	12,418,816,392	254,019,788	12,672,836,180			
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting standard (Note 4)	-	-	-	-	56,577,819	-	-	-	-	56,577,819	-	56,577,819			
<b>Balance as at 31 December 2018 - as restated</b>	1,666,827,010	2,062,460,582	568,130,588	211,675,358	3,043,537,032	122,017,702	4,790,813,094	9,932,845	4,922,763,641	12,475,394,211	254,019,788	12,729,413,999			
Profit (loss) for the year	-	-	-	-	364,101,439	-	-	-	-	364,101,439	(5,896,036)	358,205,403			
Other comprehensive income (loss) for the year	-	-	-	-	-	2,310,045	809,897,493	(10,544,062)	801,663,476	801,663,476	2,308,919	803,972,395			
Total comprehensive income (loss) for the year	-	-	-	-	364,101,439	2,310,045	809,897,493	(10,544,062)	801,663,476	1,165,764,915	(3,587,117)	1,162,177,798			
Dividend paid (Note 37)	-	-	-	-	(1,568,466,187)	-	-	-	-	(1,568,466,187)	-	(1,568,466,187)			
Subsidiaries paid dividends to non-controlling interests of subsidiaries (Note 16)	-	-	-	-	-	-	-	-	-	-	(110,554,150)	(110,554,150)			
Reversal of revaluation surplus on disposal of assets (Note 29)	-	-	-	-	19,769,877	-	(19,769,877)	-	(19,769,877)	-	-	-			
<b>Balance as at 31 December 2019</b>	1,666,827,010	2,062,460,582	568,130,588	211,675,358	1,858,942,161	124,327,747	5,580,940,710	(611,217)	5,704,657,240	12,072,692,939	139,878,521	12,212,571,460			
	-	-	-	-	-	-	-	-	-	-	-	-			
	-	-	-	-	-	-	-	-	-	-	-	-			

The accompanying notes are an integral part of the financial statements.

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(Unit: Baht)

Separate financial statements

	Issued and fully paid-up share capital		Retained earnings		Other components of shareholders' equity		
	Share capital	Share premium	Appropriated -		Revaluation surplus on assets	Total other components of shareholders' equity	Total shareholders' equity
			statutory reserve	Unappropriated			
<b>Balance as at 1 January 2018</b>	1,666,827,010	2,062,460,582	211,675,358	1,531,571,228	142,718,799	142,718,799	5,615,252,977
Loss for the year	-	-	-	(19,800,089)	-	-	(19,800,089)
Other comprehensive income (loss) for the year	-	-	-	(2,250,883)	-	-	(2,250,883)
Total comprehensive income (loss) for the year	-	-	-	(22,050,972)	-	-	(22,050,972)
Dividend paid (Note 37)	-	-	-	(63,338,698)	-	-	(63,338,698)
Reversal of revaluation surplus on disposal of assets (Note 29)	-	-	-	3,675,844	(3,675,844)	(3,675,844)	-
<b>Balance as at 31 December 2018</b>	<u>1,666,827,010</u>	<u>2,062,460,582</u>	<u>211,675,358</u>	<u>1,449,857,402</u>	<u>139,042,955</u>	<u>139,042,955</u>	<u>5,529,863,307</u>
<b>Balance as at 1 January 2019</b>	1,666,827,010	2,062,460,582	211,675,358	1,449,857,402	139,042,955	139,042,955	5,529,863,307
Profit for the year	-	-	-	1,020,255,884	-	-	1,020,255,884
Other comprehensive income (loss) for the year	-	-	-	-	2,270,437	2,270,437	2,270,437
Total comprehensive income for the year	-	-	-	1,020,255,884	2,270,437	2,270,437	1,022,526,321
Dividend paid (Note 37)	-	-	-	(1,568,466,187)	-	-	(1,568,466,187)
<b>Balance as at 31 December 2019</b>	<u>1,666,827,010</u>	<u>2,062,460,582</u>	<u>211,675,358</u>	<u>901,647,099</u>	<u>141,313,392</u>	<u>141,313,392</u>	<u>4,983,923,441</u>
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

The accompanying notes are an integral part of the financial statements.

**Laguna Resorts & Hotels Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the year ended 31 December 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2019</u>	<u>2018</u> (Restated)	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax expenses	582,723,185	210,856,607	1,019,764,210	(29,669,185)
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	411,754,788	375,532,160	8,314,081	8,005,507
Amortisation of leasehold rights	2,370,681	2,495,171	-	-
Amortisation of transaction costs related to debenture issuance	-	2,020,121	-	-
Allowance for doubtful accounts (reversal)	805,637	(317,048)	228,205	-
Reduction of inventory to net realisable value (reversal)	(228,355)	2,077,550	-	-
Dividend income from investments in subsidiaries	-	-	(1,009,560,260)	-
Dividend income from investment in associates	-	-	(28,271,056)	(28,271,056)
Share of profit from investments in associates	(4,779,916)	(65,627,750)	-	-
Loss (gain) on revaluation of investment properties	(86,510,317)	(50,618,099)	(7,427,794)	2,105,654
Loss (gain) on sales of property, plant and equipment	(648,330)	1,299,395	(5,077)	(11,982)
Write off investment property	9,672,019	-	9,430,018	-
Write off property, plant and equipment	5,515,715	426,423	-	18,515,442
Write off deposit for purchase of land	-	64,711,856	-	-
Impairment of property, plant and equipment	11,150,454	-	2,919,631	-
Provision for long-term employee benefits	13,603,226	11,455,914	3,503,576	1,175,930
Provision for legal cases (reversal)	1,668,397	(10,335,623)	-	-
Forfeited money from property units	(6,880,452)	(48,531,803)	-	-
Interest income	(38,193,528)	(31,368,328)	(73,143,428)	(41,693,688)
Interest expenses	132,252,130	158,178,352	53,474,500	39,015,177
Profit (loss) from operating activities before changes in operating assets and liabilities	1,034,275,334	622,254,898	(20,773,394)	(30,828,201)
Operating assets (increase) decrease				
Trade and other receivables	(178,807,475)	68,871,308	12,731,405	(18,790,751)
Inventories	13,020,152	9,402,980	-	-
Property development cost	(423,472,660)	125,258,382	-	15,727,741
Cost to obtain contracts with customers	(29,259,815)	(9,565,460)	-	-
Other current assets	51,154,094	(119,321,491)	6,572,555	5,629,014
Long-term trade accounts receivable	(308,419,047)	(165,867,924)	-	-
Other non-current assets	(4,235,025)	(13,776,211)	(300)	(51,600)
Operating liabilities increase (decrease)				
Trade and other payables	262,652,113	(39,357,702)	1,172,010	(1,223,109)
Advance received from customers	(48,568,629)	227,412,519	(328,537)	323,913
Other current liabilities	66,781,179	39,076,577	16,603,956	(220,813)
Cash paid for provision for long-term employee benefits	(4,766,975)	(12,508,035)	(136,036)	(2,506,733)
Settlement of long-term provision - provision for legal cases	(4,036,149)	(10,000,000)	-	-
Other non-current liabilities	(11,378,881)	3,150,773	(212,074)	440,461
Cash flows from (used in) operating activities	414,938,216	725,030,614	15,629,585	(31,500,078)
Cash received for interest income	38,306,037	31,331,003	58,740,346	43,988,561
Cash paid for interest expenses	(174,833,093)	(159,301,012)	(49,719,041)	(38,634,659)
Cash paid for income tax	(119,417,034)	(110,637,075)	(6,651,278)	(5,948,110)
<b>Net cash flows from (used in) operating activities</b>	<b>158,994,126</b>	<b>486,423,530</b>	<b>17,999,612</b>	<b>(32,094,286)</b>

The accompanying notes are an integral part of the financial statements.

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investment - short-term fixed deposit	14,044,883	(1,038,422)	-	-
Increase in restricted deposits at financial institutions	(37,831,544)	-	-	-
Increase in long-term fixed deposit	(90,652)	-	(90,652)	-
Cash received from long-term loans to subsidiaries	-	-	1,082,500,000	920,000,630
Cash paid for long-term loans to subsidiaries	-	-	(2,001,050,000)	(929,000,000)
Cash paid for acquisition of investment in associate	-	(48,438,405)	-	-
Cash paid for acquisition of investment properties	(83,625,750)	(17,398,700)	-	-
Cash received from sales of property, plant and equipment	1,399,970	1,074,422	7,196	66,843
Cash paid for acquisition of property, plant and equipment	(930,554,213)	(516,345,073)	(8,853,400)	(8,500,035)
Dividend received from investments in subsidiaries	-	-	1,009,560,260	-
Dividend received from investment in associates	28,271,056	28,271,056	28,271,056	28,271,056
Decrease in cash and cash equivalents from liquidation of subsidiary	-	(3,540)	-	-
<b>Net cash flows from (used in) investing activities</b>	<b>(1,008,386,250)</b>	<b>(553,878,662)</b>	<b>110,344,460</b>	<b>10,838,494</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from financial institutions	667,000,000	(60,000,000)	410,000,000	(20,000,000)
Draw down of long-term loans from subsidiaries	-	-	1,137,500,000	1,094,500,000
Repayment of long-term loans from subsidiaries	-	-	(1,398,000,000)	(1,007,000,000)
Draw down of long-term loans from financial institutions	2,625,575,804	862,624,954	1,293,559,446	-
Repayment of long-term loans from financial institutions	(764,442,539)	(591,910,750)	(3,875,000)	(500,000)
Draw down of long-term loan from related company	26,950,000	-	-	-
Repayment of debenture	-	(500,000,000)	-	-
Payment of dividends	(1,679,020,337)	(63,338,698)	(1,568,466,187)	(63,338,698)
<b>Net cash flows from (used in) financing activities</b>	<b>876,062,928</b>	<b>(352,624,494)</b>	<b>(129,281,741)</b>	<b>3,661,302</b>
Net exchange differences on translation of financial statements in foreign currency	4,194,318	11,776,599	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>30,865,122</b>	<b>(408,303,027)</b>	<b>(937,669)</b>	<b>(17,594,490)</b>
Cash and cash equivalents at beginning of year	601,678,401	1,009,981,428	22,643,210	40,237,700
<b>Cash and cash equivalents at end of year</b>	<b>632,543,523</b>	<b>601,678,401</b>	<b>21,705,541</b>	<b>22,643,210</b>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non-cash items				
Share of other comprehensive income (loss) from associates	(10,544,062)	1,023,085	-	-
Addition of revaluation surplus on assets	1,015,469,816	-	2,838,045	-
Reversal of revaluation surplus on disposal of assets	19,769,877	9,100,404	-	-
Interest recorded as property development cost	35,538,114	1,658,721	-	-
Interest recorded as property, plant and equipment	11,382,629	-	-	-
Transfer of property development cost to property, plant and equipment	303,056,373	114,087,019	-	-
Transfer of property development cost to investment properties	17,387,270	-	-	-
Transfer of property, plant and equipment to property development cost	177,610,341	18,515,442	-	-

The accompanying notes are an integral part of the financial statements.



## **Laguna Resorts & Hotels Public Company Limited and its subsidiaries**

### **Notes to consolidated financial statements**

**For the year ended 31 December 2019**

#### **1. General information**

Laguna Resorts & Hotels Public Company Limited (“the Company”, “LRH”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Banyan Tree Assets (Thailand) Company Limited, which was incorporated in Thailand. The parent company of the Group is Banyan Tree Holdings Limited, which was incorporated in Singapore.

The Group is principally engaged in the hotel business and property development. There are five hotels in Laguna Phuket, namely Angsana Laguna Phuket, Banyan Tree Phuket, Angsana Villas Resort Phuket, Cassia Phuket and Laguna Holiday Club Phuket Resort, located in Phuket province and one hotel, the Banyan Tree Bangkok, located in Bangkok. The subsidiaries are also engaged in operating golf clubs (Laguna Golf Phuket and Laguna Golf Bintan), sales of merchandise (Banyan Tree Gallery), office and shop rental and sale of holiday club memberships.

The registered office of the Company is at 21/17B, 21/17C, 21/65, 21/66 and 21/68 Thai Wah Tower 1, 7<sup>th</sup>, 22<sup>nd</sup> and 24<sup>th</sup> Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

On 1 January 2019, the Group changed certain parts of hotel operation among its subsidiaries by transferring of Angsana Villas Resort Phuket hotel, which previously operated under Laguna Village Limited, to Bangtao Grande Limited and transferring of Laguna Holiday Club Phuket Resort hotel, which previously operated under Laguna Holiday Club Limited, to Bangtao Grande Limited.

The changes are intended to improve the efficiency of managing and operating the hotel business.

#### **2. Basis of preparation**

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547. Their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

(a) The consolidated financial statements include the financial statements of Laguna Resorts & Hotels Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019 %	2018 %
<u>Subsidiaries directly held by the Company</u>				
Banyan Tree Gallery (Singapore) Pte. Limited	Sale of merchandise	Singapore	51.0	51.0
Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	51.0	51.0
Laguna Banyan Tree Limited <sup>(1)</sup>	Hotel operations, property development sales and marketing service for holiday club membership	Thailand	100.0	100.0
Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	100.0	100.0
Laguna Grande Limited <sup>(2)</sup>	Operating a golf club and property development	Thailand	100.0	100.0
Laguna Lakes Limited	Property development	Thailand	95.0	95.0
Laguna (3) Limited	Owens land on which a hotel is situated	Thailand	100.0	100.0
Laguna Service Company Limited <sup>(3)</sup>	Provide utilities and other services to hotels of the Company and subsidiaries	Thailand	72.9	72.9
TWR - Holdings Limited	Investment holding and property development	Thailand	100.0	100.0
<u>Subsidiaries held through TWR - Holdings Limited</u>				
Laguna Excursions Limited	Travel operations	Thailand	49.0	49.0
Laguna Village Limited	Dormant company	Thailand	100.0	100.0
Mae Chan Property Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Pai Samart Development Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Phuket Grande Resort Limited <sup>(4)</sup>	Property development and hotel operations	Thailand	100.0	100.0
PT AVC Indonesia	Holiday club membership and operating a golf club	Indonesia	100.0	100.0
Talang Development Company Limited	Property development	Thailand	50.0	50.0
Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	100.0	100.0
Thai Wah Tower Company Limited	Lease of office building space	Thailand	100.0	100.0
Thai Wah Tower (2) Company Limited	Owens land on which a hotel is situated	Thailand	100.0	100.0
Twin Waters Limited <sup>(5)</sup>	Property development	Thailand	100.0	100.0
<u>Subsidiaries held through Laguna Grande Limited</u>				
Bangtao (1) Limited	Owens land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (2) Limited	Owens land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (3) Limited	Property development	Thailand	100.0	100.0

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			%	%
Bangtao (4) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0
Bangtao Laguna Limited <sup>(6)</sup>	Owns land on which a hotel is situated and property development	Thailand	100.0	100.0
Bangtao Grande Limited	Hotel operations and property development	Thailand	100.0	100.0
<u>Subsidiary held through Laguna Holiday Club Limited</u>				
Cheer Golden Limited	Investment holding	Hong Kong	100.0	100.0

(1) Laguna Banyan Tree Limited is held 49.0% by the Company and 51.0% through Bangtao Grande Limited.

(2) Laguna Grande Limited is held 85.4% by the Company and 14.6% through Laguna Holiday Club Limited and Mae Chan Property Company Limited.

(3) Laguna Service Company Limited is held 24.7% by the Company and 48.2% through Bangtao Grande Limited and Laguna Banyan Tree Limited.

(4) Formerly known as "Phuket Resort Development Limited". The subsidiary changed its name and registered the change with the Ministry of Commerce on 21 June 2019.

(5) Formerly known as "Twin Waters Development Company Limited". The subsidiary changed its name and registered the change with the Ministry of Commerce on 21 June 2019.

(6) Formerly known as "Bangtao Development Limited". The subsidiary changed its name and registered the change with the Ministry of Commerce on 21 June 2019.

A subsidiary has a 49% shareholding in Laguna Excursions Limited. However, the subsidiary has recognised its share of the income of this subsidiary at 100% after deducting the cumulative preferential annual dividend of 15% of the par value of the preference shares, in accordance with the income sharing percentage in the Articles of Association.

- (b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- (c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- (e) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- (f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

- (g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

### 3. New financial reporting standards

#### (a) Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The Group adopted TFRS 15 using the full retrospective method of adoption. The Group elects to apply the following practical expedient.

- Not restate completed contracts as at 1 January 2018 for which the entity has transferred all of the goods or services identified in accordance with the previous accounting policy.

The cumulative effect of the change is described in Note 4.

**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the entity's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group expect the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investment in equity instruments of non-listed companies - The Group is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Group elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.
- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 51 million (the Company only: approximately Baht 6 million) and the Group's liabilities by approximately Baht 66 million (the Company only: approximately Baht 8 million).

**4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard**

As described in Note 3 to the financial statements, during the current year, the Group has adopted TFRS 15 using the full retrospective method of adoption. The cumulative effect of the change in accounting policy is presented as a separate item in the consolidated statement of changes in shareholders' equity. There is no impact to the separate financial statements from the adoption of TFRS 15.

The amounts of the adjustments affecting the consolidated statement of financial position and consolidated statement of income are summarised below:

	(Unit: Million Baht)	
	Consolidated financial statements	
	Increase	
	31 December 2018	1 January 2018
<b>Statements of financial position</b>		
<b>Assets</b>		
Cost to obtain contracts with customers	71	61
<b>Total assets</b>	<u>71</u>	<u>61</u>
<b>Liabilities</b>		
Deferred tax liabilities	14	12
<b>Total liabilities</b>	<u>14</u>	<u>12</u>
<b>Shareholders' equity</b>		
Retained earnings	57	49
<b>Total shareholders' equity</b>	<u>57</u>	<u>49</u>
<b>Total liabilities and shareholders' equity</b>	<u><u>71</u></u>	<u><u>61</u></u>

	(Unit: Million Baht)
	Consolidated financial statements
	Increase (decrease) in profit for the year ended 31 December 2018
<b>Income statements</b>	
<b>Profit or loss:</b>	
Revenue from property development operations	(1)
Selling expenses	11
Income tax expenses	(2)
<b>Profit for the period</b>	<b>8</b>
<b>Attributable to:</b>	
Profit attributable to equity holders of the Company	8
<b>Earnings per share (Baht):</b>	
Basic earnings per share	0.05

The nature of the significant adjustment is described below:

- Commission paid to obtain a contract - The Group has determined that commission paid to obtain a customer contract should be recorded as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. Under the previous accounting policy, the Group immediately recorded commission as selling expenses when the transaction occurred.

## 5. Significant accounting policies

### 5.1 Revenue recognition

#### (a) Revenue from hotel operations

- Revenue from hotel operations, mainly comprises room sales, food and beverage sales and revenue from auxiliary activities, is recognised at a point in time upon completion of the service. Sales are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts.
- Revenue from sales of merchandise (Gallery operation) is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowance and price promotions to customers.



(b) Revenue from property development operations

- Revenue from the real estate sales

Revenue from sales of real estate is recognised at the point in time when control of the asset is transferred to the buyer, and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the real estate sold. In addition, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Where properties are sold to non-Thais, the land is sold under a long-term lease agreement comprising an initial term of thirty years with an option to extend for two or three successive periods of thirty years each, without any additional consideration to be paid in addition to the sum of the rental paid for the initial lease term. These long-term lease agreements also contain a further option that provides if Thai law permits non-Thais to own land on a freehold basis, the lessor shall consent to sell the land to the lessee in return for a token payment. Consequently, long-term leases are recognised as sales of land for accounting purposes in accordance with the principle of applying substance over form.

- Revenue from sales of furniture

Revenue from sales of furniture is recognised at the point in time when control of furniture is transferred to the buyer, generally when furniture is completely and satisfactorily installed.

- Revenue from services

Service revenue is recognised over time when services have been rendered taking into account the stage of completion.

(c) Revenue from rental and services

Rental income is recognised over the lease period. Service revenue is recognised over time when services have been rendered taking into account the stage of completion.

(d) Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

(e) Dividends

Dividends are recognised when the right to receive the dividends is established.

**5.2 Cost of property development**

In determining the cost of property development sold, the anticipated total development cost (after recognising the cost incurred to date) are attributed to units already sold and then recognised as cost in profit or loss.

**5.3 Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

**5.4 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

**5.5 Inventories**

Inventories are valued at the lower of cost and net realisable value, cost being determined on either the first-in, first-out or the weighted average basis.

**5.6 Property development cost**

Property development cost is valued at the lower of cost and net realisable value. Cost comprises cost of land, design fee, infrastructure, construction and related interest.

**5.7 Cost to obtain a contract**

The Group recognises commission paid to obtain a customer contract as an asset and amortises to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of consideration that the entity expects to receive less direct costs.

**5.8 Investments**

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- b) Investments in associates are accounted for in the consolidated financial statements using the equity method.

- c) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification is recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

## **5.9 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

## **5.10 Property, plant and equipment/Depreciation**

Land is stated at its revalued amount. Buildings and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land and buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. As a policy, the revaluation will be performed every three years. If within that period, there are factors which may cause significant changes in the value of assets, the revaluation will be performed in that year to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation of the Company's and subsidiaries' assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus on assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's and subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus on assets" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amounts on the straight-line basis over the following estimated useful lives:

Building and improvement	10 - 50	years
Machinery and equipment	5 - 15	years
Furniture, fixtures and motor vehicles	5	years
Operating and office equipment	3 - 5	years
Golf course, land improvement and external work	5 - 50	years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised. The revaluation surplus presented in other components of shareholders' equity has been directly transferred to retained earnings on retirement or disposal of the assets.

#### **5.11 Leasehold rights and amortisation**

Leasehold rights of hotel units are stated at cost less accumulated amortisation and any impairment losses (if any). Amortisation of leasehold rights is calculated by reference to their cost on a straight-line basis over 20 years.

The amortisation is included in determining income.

### **5.12 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Capitalisation rates are calculated based on the weighted average of the interest expenses incurring during the year on loans for development of projects.

### **5.13 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

### **5.14 Deferred financial fees**

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

The amortisation of deferred financial fees is included in profit or loss.

### **5.15 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

### **5.16 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

### **5.17 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items on each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

## **5.18 Impairment of assets**

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However, in cases where property, plant and equipment was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

## **5.19 Employee benefits**

### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

## ***Post-employment benefits and other long-term employee benefits***

### *Defined contribution plans*

The Group and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

### *Defined benefit plans and other long-term employee benefits*

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefits, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

## **5.20 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **5.21 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.



## **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **5.22 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **6. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### **Impairment of equity investments**

The Group treats other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

### **Investment properties**

The Group presents investment properties at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the income approach or the market approach. The key assumptions used in estimating the fair value are described in Note 19.

### **Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimated useful lives and residual values when there are any changes.

The Group measures land and buildings at revalued amounts. Such amounts are determined by independent valuer using the market approach for land, the replacement cost approach or the income approach for buildings. The valuation involves certain assumptions and estimates as described in Note 20.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that the recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Goodwill**

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## **Post-employment benefits under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## **Litigation**

The Group has contingent liabilities as a result of litigation. The Company's and subsidiaries' management has used judgement to assess of the results of the litigation and recorded contingent liabilities under "Long-term provision - provision for legal cases" as at the end of reporting period.

## **Investments in associates**

The management determined that the Company has significant influence over some associates, even though the Company holds less than 20% of its shares. This is because the Company has key representative on the Board of Directors of the investees including participate in policy-making processes.

## **7. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	7,044	7,722	145	148
Bank deposits	625,500	593,956	21,561	22,495
Total	632,544	601,678	21,706	22,643

As at 31 December 2019, bank deposits in saving accounts and fixed deposits carried interest rates between 0.22% and 0.60% per annum (2018: between 0.25% and 0.85% per annum).

## **8. Long-term restricted deposit at financial institutions**

The long-term restricted deposit pledged with a financial institution as security for bank guarantee and short-term loans facilities of a subsidiaries.

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade accounts receivable</u>				
Trade accounts receivable - hotel operations	223,108	230,656	5,326	5,102
Less: Allowance for doubtful accounts	(9,119)	(8,566)	(3,528)	(3,300)
Trade accounts receivable - hotel operations, net	213,989	222,090	1,798	1,802
Trade accounts receivable - sales of property				
- Installments due	121,606	60,531	-	-
Current portion of long-term trade accounts receivable (Note 15)	295,637	184,522	-	-
Trade accounts receivable - sales of property, net	417,243	245,053	-	-
Trade accounts receivable - sales of holiday club memberships - Installments due and trade accounts receivable from sales and marketing services for holiday club memberships	41,213	81,510	-	-
Current portion of long-term trade accounts receivable (Note 15)	484	1,507	-	-
Trade accounts receivable - sales of holiday club memberships and sales and marketing services for holiday club memberships, net	41,697	83,017	-	-
Trade accounts receivable - net	672,929	550,160	1,798	1,802
<u>Other receivables</u>				
Amounts due from related parties (Note 10)	51,504	45,368	29,958	38,874
Other receivables	56,167	9,268	3,713	332
Insurance claim receivable	404	1,434	-	-
Accrued other income	4,376	8,191	233	234
Interest receivable	39	152	39	98
Accrued rental	28,521	21,478	28,521	21,479
Total other receivables	141,011	85,891	62,464	61,017
Trade and other receivables, net	813,940	636,051	64,262	62,819

The balances of trade accounts receivable - hotel operations as at 31 December 2019 and 2018, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
<u>Age of receivables</u>				
Not yet due	110,965	120,892	184	287
Past due				
Up to 30 days	64,608	65,827	325	190
31 - 60 days	17,397	16,904	211	131
61 - 90 days	3,171	5,142	103	102
91 - 120 days	7,658	2,911	56	54
Over 120 days	19,309	18,980	4,447	4,338
Total	223,108	230,656	5,326	5,102
Less: Allowance for doubtful debts	(9,119)	(8,566)	(3,528)	(3,300)
Trade accounts receivable - hotel operations, net	213,989	222,090	1,798	1,802

The balances of trade accounts receivable - sales of property as at 31 December 2019 and 2018, aged on the basis of due dates, are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b><u>Age of receivables</u></b>				
Not yet due	378,626	224,777	-	-
Past due				
Up to 30 days	8,689	11,202	-	-
31 - 60 days	7,722	4,103	-	-
61 - 90 days	5,507	1,958	-	-
91 - 120 days	9,274	947	-	-
Over 120 days	7,425	2,066	-	-
Trade accounts receivable - sales of property, net	<u>417,243</u>	<u>245,053</u>	<u>-</u>	<u>-</u>

The balances of installments due of trade accounts receivable - holiday club memberships and trade account receivable from sales and marketing service for holiday club memberships as at 31 December 2019 and 2018, aged on the basis of due dates, are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b><u>Age of receivables</u></b>				
Not yet due	20,633	5,275	-	-
Past due				
Up to 30 days	2,248	3,771	-	-
31 - 60 days	5,287	4,224	-	-
61 - 90 days	2,707	4,870	-	-
91 - 120 days	3,085	1,041	-	-
Over 120 days	7,253	62,329	-	-
Trade accounts receivable - sales of holiday club memberships - installments due and trade accounts receivable from sales and marketing service for holiday club memberships - net	<u>41,213</u>	<u>81,510</u>	<u>-</u>	<u>-</u>

## 10. Related party transactions

During the year, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon basis between the Company, its subsidiaries and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Guarantee fee income	-	-	1	1	(3) agreed basis
Guarantee fee expenses	-	-	2	3	(3) agreed basis
Interest income	-	-	73	41	(5) agreement
Interest expenses	-	-	35	31	(5) agreement
Management fee income	-	-	103	95	(4), (7) agreement
Reimbursement receipts	-	-	3	30	(11) agreed basis
Reimbursement payments	-	-	8	9	(11) agreed basis
Rental and service income	-	-	4	5	(12)(iii) agreement
Rental and service expenses	-	-	6	6	(12)(iv), (v) agreement
Resort service expenses	-	-	8	7	(14) agreed basis
Dividend income	-	-	1,010	-	As declared
<u>Transactions with associates</u>					
Dividend income	-	-	28	28	As declared
Reimbursement receipts	6	4	-	-	(11) agreed basis
Rental and service income	22	22	-	-	(12)(iv) agreement
<u>Transactions with related companies</u>					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	64	69	-	-	(1) agreed basis
Management fee income	5	3	4	2	(15), (16) agreement
Management fee expenses	296	248	6	-	(6), (17) agreement
Purchase of spa and gallery vouchers	7	7	1	2	(2), (8) agreed basis
Sale of goods	21	25	-	-	(9) agreed basis
Reimbursement receipts	55	56	7	6	(11) agreed basis
Reimbursement payments	49	33	1	1	(11) agreed basis
Rental and service income	23	26	-	-	(12)(i), (ii), (iv), (vi) agreement
Rental and service expenses	1	1	-	-	(12)(vii) agreement
Rental return on hotel units	4	4	-	-	(13) agreement
Resort service income	5	5	-	-	(14) agreed basis
Training charges	8	13	-	-	(10) agreed basis
Interest expenses	1	-	-	-	(5), (18) agreement

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2019	2018	2019	2018	
<u>Transactions with management and directors</u>					
Rental return on hotel units	2	2	-	-	As actual

The nature, pricing policy and agreements relating to the above transactions are summarised below:

- (1) These charges relate to goods and services that are consumed by customers in one part of Laguna Phuket but are billed centrally to the customer at the hotel in which the customer is staying. Such charges relate to meals at restaurants, golf fees, treatments at the spa and goods purchased at shops in the resort.

On receiving the funds centrally from the customer, the hotel reimburses the company in which the goods and services are consumed. Actual receipts are paid and credit card commission is charged ranging from 2% to 5% of the revenue based on the commission rate charged by the credit card companies. Such inter resort charges are also incurred at the Banyan Tree Bangkok, Banyan Tree Lijiang and Laguna Golf Bintan primarily for treatments at the spa, goods purchased at the shops and golf fees at golf course.

- (2) This relates to sale of spa and gallery vouchers by companies which operate Banyan Tree Spas and Banyan Tree Gallery to related companies for using as a marketing tool. The Spa vouchers are priced at a 55% discount to the Spa price list. The Gallery vouchers are priced at 20% discount to the face value of the voucher.
- (3) Guarantee fee among group companies for permitting their assets to be pledged as collateral for other related companies' bank loans by charging on 1% of proportion of value of pledged assets to total loan facilities.
- (4) The Company charges a management fee to its subsidiaries for providing centralised duties and services for each operation in the group. The monthly fixed rate is charged dependent on the department serviced, except the internal audit service is charged by the working hours and project management service is charged as Note (7).



- (5) Loans between group companies are unsecured and are denominated in Thai Baht. The loans carry interest at a rate equal to the lenders' borrowing costs per annum (based upon commercial bank's interest rates) plus a margin of 1.1%. The loans are repayable on demand, however it is expected that those loans would not be called for repayment in the short-term. Therefore such loans are recorded as non-current assets/liabilities in the statements of financial position.
- (6) The terms of the operating agreements are disclosed in Note 38 and consist of a royalty agreement, hotel management agreement and technical assistance agreement. The payment terms of the contracts are as follows:

Royalty fee paid for the use of "Banyan Tree", "Angsana", and "Cassia" trademarks and all other proprietary rights associated with it.

- (i) Banyan Tree Phuket (Laguna Banyan Tree Limited) and Cassia Phuket (Phuket Grande Resort Limited, formerly known as Phuket Resort Development Limited), Angsana Villas Resort Phuket (Bangtao Grande Limited) and Laguna Holding Club Phuket Resort (Bangtao Grande Limited) pay a royalty fee of 2% of total revenue.
- (ii) Banyan Tree Bangkok (Thai Wah Plaza Limited) and Angsana Laguna Phuket (Bangtao Grande Limited) pay a royalty fee of 3% of total revenue.
- (iii) Banyan Tree Gallery (Thailand) Limited and Banyan Tree Gallery (Singapore) Pte Ltd. pay a royalty fee of 1% of total revenue.

Hotel management and technical assistance fees.

- (iv) The Technical Assistance Agreement of Banyan Tree Phuket pay a technical fee of 7.5% of gross operating profit.
- (v) The Hotel Management Agreements of Banyan Tree Bangkok and Angsana Laguna Phuket pay a hotel management fee of 10% of gross operating profit. Cassia Phuket, Angsana Villas Resort Phuket and Laguna Holiday Club Phuket Resort pay a hotel management fee of 7.5% of gross operating profit.
- (vi) In addition, pursuant to the hotel management and technical assistance agreements, expenses relating to the sharing of group marketing costs such as promotional campaigns and adverts, sales staff salaries, central reservations and international sales offices incurred by Banyan Tree and/or Angsana and/or Cassia corporate head office shall be charged as follows:

- Group marketing services shared on a group basis are based on 2% of total actual hotel revenue.
- Reservation service fees are 1% of room revenue plus USD 12 per booking sourced through third party channels.

All management fees are consistent with industry practice and the sharing of group marketing costs incurred by Banyan Tree Phuket, Banyan Tree Bangkok, Angsana Laguna Phuket, Angsana Villas Resort Phuket, Cassia Phuket and Laguna Holiday Club Phuket Resort are the reimbursement of costs benefiting each of the hotels. As a result, these transactions are on normal commercial terms and conditions.

- (7) The Company provides project management services, the contracted fee is set at a rate of 5% of the actual or budgeted costs of the project.
- (8) Purchase of Banyan Tree Spa and Banyan Tree Gallery vouchers for distribution to management to provide an additional benefit scheme. The vouchers are issued yearly to qualifying executives and are valid only within the year of issue. The voucher is priced at the face value of the voucher.
- (9) These transactions relate to:
  - (i) Sale of goods from Banyan Tree Gallery (Thailand) Limited to related companies is priced at a 15% to 30% discount to the retail price depending on the volume purchased.
  - (ii) Sale of guest and spa supplies of high volume purchases from companies which operate galleries to related companies is priced at cost plus up to 30% and 40% margin.
- (10) Training charges by Banyan Tree Hotels & Resorts (Thailand) Limited in respect of providing centralised training facilities and courses for staff. The training costs are allocated to each operation based on actual cost.
- (11) Costs are often incurred within the group which is reimbursed by the company to which the expense relates. Actual costs are reimbursed.
- (12) Rental paid for premises and land. The rental periods are not over three years, except some transactions as stated in (12)(i).
  - (i) Rental and service fee is on the basis of 5% to 10% of sales revenue which is dependent on criteria such as the location, budgeted sales, term of the lease, size of area leased and type of operation.

<u>Payee</u>	<u>Payer</u>	<u>Rental Period</u>	<u>Expiry Date</u>
BGL	BTRS(T)	30 years	November 2041

BGL : Bangtao Grande Limited

BTRS(T) : Banyan Tree Resorts & Spas (Thailand) Company Limited

- (ii) Rental and service income for space in Banyan Tree Phuket for Banyan Tree Spa office and store is at Baht 1,172 per square metre per month.
  - (iii) Rental of space and service in Canal Village. The charges include rental and related service fees which are at market rate.
  - (iv) Rental and service income earned by Thai Wah Plaza Limited for renting the office space at Thai Wah Tower I and Banyan Tree Bangkok. The charges include rental and related service fees which are at market rate.
  - (v) Rental of land and lagoon on which hotel and hotel-related operations are located are at Baht 120,847 and Baht 12,085 per rai per annum respectively.
  - (vi) Service income from rental of Banyan Tree Management Academy is at Baht 132,613 per month.
  - (vii) Rental of office space and service of Banyan Tree Gallery (Singapore) Pte. Limited is at SGD 3 per square feet per month.
- (13) This relates to a Management Agreement to manage the hotel units of Cheer Golden Limited in the Angsana Resort & Spa on Bintan Island, Indonesia under which Cheer Golden Limited receives a return of 15% per annum on the investment of the leasehold rights.
- (14) Resort service charged to the operations relates to revenue of Laguna Service Company Limited which provides centralised services to each operation in the group located at Laguna Phuket at the following rates:
- Water supply : at the determined price and actual usage
  - Laundry charge : at the price based on cost plus a certain margin
  - Common area services, transportation charges : based on actual cost
  - Staff buses : at the price based on cost plus a certain margin
  - Marketing fee : at the rate of 0.75% of the operations' actual revenue
  - Community service : based on actual cost
  - Other services : at the determined price and actual usage

- (15) The Company charges a management fee to Banyan Tree Resorts & Spas (Thailand) Company Limited and Banyan Tree Hotels & Resorts (Thailand) for providing administration services of information technology and human resources.
- (16) This relates to management fee charge to related companies for providing operational, visual and product training services. The fee are annual fee at SGD according to each agreement plus 15% of gross operating profit.
- (17) This relates to project management services and design service agreement which the fees are based on 10% mark up of actual working hours in providing the service and included all cost.
- (18) Loan from a related company is unsecured and is denominated in Thai Baht. The loans carry interest at a rate 1.5% per annum. The loan is repayable within December 2023.

The Company has contingent liabilities in respect of letters of guarantee issued to banks to guarantee facilities of its subsidiaries as follows:

	(Unit: Million Baht)	
	2019	2018
Overdrafts and bank guarantee facilities	106	106

Subsidiaries have contingent liabilities in respect of letters of guarantee issued to banks to guarantee facilities of the Group as follows:

	(Unit: Million Baht)	
	2019	2018
Short-term loan facilities	150	150
Long-term loan facilities	900	900
Overdrafts and bank guarantee facilities	20	20

As at 31 December 2019 and 2018, the balances of the accounts between the Company and related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Amounts due from related parties</b>				
Subsidiaries	-	-	25,973	36,707
Associated companies	169	59	-	-
Related companies (related by common shareholders)	51,335	45,309	3,985	2,167
Total amounts due from related parties (Note 9)	<u>51,504</u>	<u>45,368</u>	<u>29,958</u>	<u>38,874</u>
<b>Amounts due to related parties</b>				
Subsidiaries	-	-	10,009	8,487
Associated companies	24	16	-	-
Related companies (related by common shareholders)	150,829	121,197	3,234	933
Total amounts due to related parties (Note 23)	<u>150,853</u>	<u>121,213</u>	<u>13,243</u>	<u>9,420</u>

## Long-term loans to subsidiaries and long-term loans from subsidiaries and related company

As at 31 December 2019 and 2018, the balance of loans between the Company and related companies and the movement are as follows:

### Long-term loans to subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			31 December 2019
	1 January 2019	Addition	Repayment	
Laguna Banyan Tree Limited	464,000	539,500	(278,500)	725,000
Laguna Holiday Club Limited	208,000	92,500	(76,500)	224,000
Laguna Lakes Limited	315,000	21,000	(36,000)	300,000
Laguna Grande Limited	-	1,315,000	(689,500)	625,500
Laguna (3) Limited	-	5,000	(2,000)	3,000
Banyan Tree Gallery (Thailand) Limited	-	28,050	-	28,050
<b>Total</b>	<b>987,000</b>	<b>2,001,050</b>	<b>(1,082,500)</b>	<b>1,905,550</b>

### Long-term loans from subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			31 December 2019
	1 January 2019	Addition	Repayment	
Laguna Grande Limited	32,500	-	(32,500)	-
Laguna (3) Limited	28,000	-	(28,000)	-
TWR-Holdings Limited	373,000	1,137,500	(1,337,500)	173,000
<b>Total</b>	<b>433,500</b>	<b>1,137,500</b>	<b>(1,398,000)</b>	<b>173,000</b>

### Long-term loan from related company

(Unit: Thousand Baht)

	Consolidated financial statements			31 December 2019
	1 January 2019	Addition	Repayment	
Banyan Tree Hotels & Resorts (Thailand) Limited	-	26,950	-	26,950
<b>Total</b>	<b>-</b>	<b>26,950</b>	<b>-</b>	<b>26,950</b>

## Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	87,727	102,867	42,838	57,636
Post-employment benefits	2,875	2,808	1,429	1,459
Other long-term employee benefits	32	37	15	22
<b>Total</b>	<b>90,634</b>	<b>105,712</b>	<b>44,282</b>	<b>59,117</b>

## 11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Food and beverage	22,864	25,032	-	-	22,864	25,032
Finished goods and supplies	66,443	77,670	(982)	(1,585)	65,461	76,085
<b>Total</b>	<b>89,307</b>	<b>102,702</b>	<b>(982)</b>	<b>(1,585)</b>	<b>88,325</b>	<b>101,117</b>

## 12. Property development cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Property for sale under holiday club memberships	229,062	425,209	-	-
Completed buildings	532,081	641,385	-	-
Land	1,924,053	1,796,067	111,429	111,429
Property under construction	1,453,202	952,679	-	-
<b>Total</b>	<b>4,138,398</b>	<b>3,815,340</b>	<b>111,429</b>	<b>111,429</b>

Subsidiaries have mortgaged property development cost amounting to Baht 1,288 million (2018: Baht 788 million) as collateral against its credit facilities received from financial institutions.

The property development cost has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 35.5 million were capitalised for the year ended 31 December 2019 (2018: Baht 1.7 million). The weighted average rate of 3.67% - 4.93% (2018: 4.78%) has been used to determine the amount of borrowing costs eligible for capitalisation.

### 13. Assets recognised in respect of costs to obtain contracts with customers

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	(Restated)			
Net book value at beginning of year	70,722	61,157	-	-
Additions	56,324	35,689	-	-
Amortisation	(27,064)	(26,124)	-	-
Net book value at end of year	<u>99,982</u>	<u>70,722</u>	<u>-</u>	<u>-</u>

### 14. Other current assets

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2019	2018	2019	2018
Value added tax	43,971	47,263	1,355	962
Prepaid expenses and withholding tax deducted at source	53,642	39,689	7,118	6,425
Advances to suppliers and staff	37,357	73,753	745	786
Income tax and VAT refundable	32,807	31,768	5,976	6,943
Deposit for purchase of land and office units for rent	74,061	79,250	-	-
Total	<u>241,838</u>	<u>271,723</u>	<u>15,194</u>	<u>15,116</u>

## 15. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

15.1 Installments receivable from property sales which bear interest at a rate of 3.0% - 7.0% and MLR plus 0.5% per annum and installments are repaid over a period of 3 to 10 years.

15.2 Installments receivable from sales of holiday club memberships which bear interest at a rate of 9.0% per annum and installments are repaid over a period of 5 years.

Long-term trade accounts receivable are due as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2019	2018
Current portion of long-term trade accounts receivable	296,121	186,029
Long-term trade accounts receivable	796,461	488,042
Total	<u>1,092,582</u>	<u>674,071</u>
Sales of property		
Within 1 year (Note 9)	295,637	184,522
Over 1 year to 5 years	796,385	487,145
Long-term trade accounts receivable - sales of property	<u>1,092,022</u>	<u>671,667</u>
Sales of holiday club memberships		
Within 1 year (Note 9)	484	1,507
Over 1 year to 5 years	76	897
Long-term trade accounts receivable - sales of holiday club memberships	<u>560</u>	<u>2,404</u>
Total	<u>1,092,582</u>	<u>674,071</u>



## 16. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2019	2018	2019	2018	2019	2018
	Million Baht	Million Baht	%	%	Million Baht	Million Baht
<b><u>Subsidiaries held by the Company</u></b>						
Banyan Tree Gallery (Singapore) Pte Limited	SGD 0.43	SGD 0.43	51.0	51.0	4.0	4.0
	Million	Million				
Banyan Tree Gallery (Thailand) Limited	7.8	7.8	51.0	51.0	4.0	4.0
Laguna Banyan Tree Limited <sup>(1)</sup>	1,500.0	1,500.0	100.0	100.0	1,325.1	1,325.1
Laguna Holiday Club Limited	330.0	330.0	100.0	100.0	330.0	330.0
Laguna Grande Limited <sup>(2)</sup>	1,000.0	1,000.0	100.0	100.0	958.5	958.5
Laguna Lakes Limited	1.0	1.0	95.0	95.0	0.9	0.9
Laguna Service Company Limited <sup>(3)</sup>	90.5	90.5	72.9	72.9	22.4	22.4
Laguna (3) Limited	0.1	0.1	100.0	100.0	47.8	47.8
TWR - Holdings Limited	1,550.0	1,550.0	100.0	100.0	1,550.0	1,550.0
<b><u>Subsidiaries held through TWR - Holdings Limited</u></b>						
Laguna Excursions Limited	8.0	8.0	49.0	49.0	-	-
Laguna Village Limited	6.0	6.0	100.0	100.0	-	-
Mae Chan Property Company Limited	232.3	232.3	100.0	100.0	-	-
Pai Smart Development Company Limited	28.4	28.4	100.0	100.0	-	-
Phuket Grande Resort Limited <sup>(4)</sup>	100.0	100.0	100.0	100.0	-	-
PT AVC Indonesia	USD 7.0	USD 7.0	100.0	100.0	-	-
	Million	Million				
Talang Development Company Limited	251.0	251.0	50.0	50.0	-	-
Thai Wah Plaza Limited	2,250.0	2,250.0	100.0	100.0	-	-
Thai Wah Tower Company Limited	455.0	455.0	100.0	100.0	-	-
Thai Wah Tower (2) Company Limited	21.0	21.0	100.0	100.0	-	-
Twin Waters Company Limited <sup>(5)</sup>	214.4	214.4	100.0	100.0	-	-
<b><u>Subsidiaries held through Laguna Grande Limited</u></b>						
Bangtao (1) Limited	20.9	20.9	100.0	100.0	-	-
Bangtao (2) Limited	19.1	19.1	100.0	100.0	-	-
Bangtao (3) Limited	7.8	7.8	100.0	100.0	-	-
Bangtao (4) Limited	14.6	14.6	100.0	100.0	-	-
Bangtao Laguna Limited <sup>(6)</sup>	80.0	80.0	100.0	100.0	-	-
Bangtao Grande Limited	1,546.0	1,546.0	100.0	100.0	-	-
<b><u>Subsidiary held through Laguna Holiday Club Limited</u></b>						
Cheer Golden Limited	-	-	100.0	100.0	-	-
<b>Total investments in subsidiaries</b>					<b>4,242.7</b>	<b>4,242.7</b>

(1) Laguna Banyan Tree Limited is held 49.0% by the Company and 51.0% through Bangtao Grande Limited.

(2) Laguna Grande Limited is held 85.4% by the Company and 14.6% through Laguna Holiday Club Limited and Mae Chan Property Company Limited.

(3) Laguna Service Company Limited is held 24.7% by the Company and 48.2% through Bangtao Grande Limited and Laguna Banyan Tree Limited.

(4) Formerly known as "Phuket Resort Development Limited". The subsidiary changed its name and registered the change with the Ministry of Commerce on 21 June 2019.

(5) Formerly known as "Twin Waters Development Company Limited". The subsidiary changed its name and registered the change with the Ministry of Commerce on 21 June 2019.

(6) Formerly known as "Bangtao Development Limited". The subsidiary changed its name and registered the change with the Ministry of Commerce on 21 June 2019.

During the years, the Company received dividend income from its subsidiaries as detailed below.

(Unit: Thousand Baht)

Company's name	Separate financial statements	
	2019	2018
Laguna (3) Limited	32,884	-
TWR - Holdings Limited	747,100	-
Laguna Grande Limited	157,173	-
Banyan Tree Gallery (Thailand) Limited	43,348	-
Laguna Service Company Limited	29,055	-
<b>Total</b>	<b>1,009,560</b>	<b>-</b>

A subsidiary has a 49% shareholding in Laguna Excursions Limited. However, the subsidiary has recognised its share of the profits of this subsidiary at 100% after deducting the cumulative preferential annual dividend of 15% of the par value of the preference shares, in accordance with the income sharing percentage in the Articles of Association.

Details of investments in subsidiaries that have material non-controlling interests.

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Dividend paid to non-controlling interests during the year	
	2019	2018	2019	2018
	Banyan Tree Gallery (Thailand) Company Limited	49.0	49.0	41.7
Laguna Services Company Limited	27.1	27.1	31.9	-
Talang Development Company Limited	50.0	50.0	37.0	-
			<b>110.6</b>	<b>-</b>

On 17 December 2019, Laguna Grande Limited (“LGL”, a wholly owned subsidiary) has entered into the joint venture agreement with an unrelated person to establish a joint venture company in Thailand. The purpose of the joint venture is to invest in boutique farming business in Thailand. Joint venture stake will be held by LGL at 60 percent and unrelated person at 40 percent. The initial investment cost for the portion of LGL is Baht 6,000. The establishment of the joint venture company is expected to be completed in the first quarter of 2020.



The Company has goodwill from purchase of shares in subsidiaries as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2019	2018
Thai Wah Plaza Limited	56,976	56,976
Laguna Banyan Tree Limited	350,928	350,928
Total	407,904	407,904

Goodwill acquired through business combination was related to Thai Wah Plaza Limited and Laguna Banyan Tree Limited. Each entity has been identified as the single cash-generating unit (“CGU”) for impairment testing.

The recoverable amount of the CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Key assumptions used for value in use calculations are as below:

	Thai Wah Plaza Limited		Laguna Banyan Tree Limited	
	2019	2018	2019	2018
Growth rate (% per annum)	2.15	3.69	9.80	12.24
Discount rate (% per annum)	7.92	8.90	7.83	8.88

Management determined the budgeted growth rate based on past performance and its expectation for market development. The discount rate represents the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets.

With regards to the assessment of value in use, management believes that goodwill is not impaired.

## 17. Investments in associates

### 17.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2019	2018	2019	2018	2019	2018
			(%)	(%)				
Tropical Resorts Ltd.	Holding company	Hong Kong	26	26	17,673	17,673	-	-
Less: Allowance for impairment of investment					(17,673)	(17,673)	-	-
					-	-	-	-
Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	10.03	10.03	777,454	777,454	759,168	793,720
Banyan Tree China Pte. Ltd.	Holding company	Singapore	10.69	10.69	173,495	173,495	222,014	221,497
Total investments in associates - net					950,949	950,949	981,182	1,015,217

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements				
			Shareholding percentage		Cost		
			2019	2018	2019	2018	
			(%)	(%)			
Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	10.03	10.03	777,454	777,454	
Total					777,454	777,454	

Banyan Tree China Pte. Ltd., held by Laguna Banyan Tree Limited, was incorporated in Singapore and is engaged in investment holding.

Tropical Resorts Ltd., held by Laguna Banyan Tree Limited, was incorporated in Hong Kong and is engaged in investment holding.

As at 31 December 2019 and 2018, the Company has pledged the 10 million ordinary shares of Thai Wah Public Company Limited with a bank to secure a long-term loan of the Company.

## 17.2 Share of comprehensive income (loss) and dividend received

During the years, the Company and subsidiary have recognised their share of comprehensive income (loss) from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Share of profit from investments in associates during the years		Share of other comprehensive income (loss) from investments in associates during the years	
	2019	2018	2019	2018
	Thai Wah Public Company Limited	4,263	12,643	(10,544)
Banyan Tree China Pte. Ltd.	517	52,985	-	(1,044)
Total	4,780	65,628	(10,544)	1,023

(Unit: Thousand Baht)

Company's name	Separate financial statements	
	Dividend received	
	2019	2018
Thai Wah Public Company Limited	28,271	28,271
Total	28,271	28,271

## 17.3 Fair value investments in a listed associate

In respect of investment in an associated company that is a listed company on the Stock Exchange of Thailand, its fair value is as follows:

(Unit: Million Baht)

Associate	Fair values as at 31 December	
	2019	2018
	Thai Wah Public Company Limited	369

## 17.4 Summarised financial information about material associates

### Summarised information about financial position

	(Unit: Million Baht)			
	Thai Wah Public Company Limited		Banyan Tree China Pte. Ltd.	
	2019	2018	2019	2018
Current assets	3,243	3,201	-	-
Non-current assets	4,655	3,901	2,552	2,436
Current liabilities	(1,009)	(796)	-	-
Non-current liabilities	(1,621)	(440)	-	-
Non-controlling interests	(275)	(562)	-	-
Net assets	4,993	5,304	2,552	2,436
Shareholding percentage (%)	10.03	10.03	10.69	10.69
Share of net assets	501	532	273	260
Difference in share of net assets and net book value of investment	-	-	(51)	(39)
Difference in fair value of identifiable assets	160	164	-	-
Goodwill	98	98	-	-
Carrying amounts of associates based an equity method	759	794	222	221

### Summarised information about comprehensive income

	(Unit: Million Baht)			
	Thai Wah Public Company Limited		Banyan Tree China Pte. Ltd.	
	2019	2018	2019	2018
Revenue	7,407	7,329	-	-
Profit (loss)	51	156	5	(43)
Other comprehensive income (loss)	(108)	40	(5)	(3)
Total comprehensive income (loss)	(57)	196	-	(46)

## 17.5 Summarised financial information of other associate

	(Unit: Million Baht)	
	For the year ended 31 December	
	Tropical Resorts Ltd.	
	2019	2018
Gain (loss)	11	(248)
Other comprehensive income (loss)	(201)	158
Total comprehensive income (loss)	(190)	90

## 17.6 Investment in associate with capital deficit

The subsidiary recognised share of losses from investment in Tropical Resorts Ltd., until the value of the investment approached zero. Subsequent losses incurred by this associate has not been recognised in the subsidiary's accounts since the subsidiary has no obligations, whether legal or constructive, to make any payments on behalf of those associates. The amount of such unrecognised share of profit (losses) is set out below.

(Unit: Million Baht)

Company's name	Unrecognised share of profit (losses)			
	Share of profit (losses) during the years		Cumulative share of losses up to 31 December	
	2019	2018	2019	2018
Tropical Resorts Ltd.	(49)	23	(278)	(229)

## 18. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements	
	2019	2018
<b>Investments in other companies</b>		
Bibace Investments Ltd.	188,425	188,425
Banyan Tree Indochina Hospitality Fund, L.P.	417,940	417,940
<b>Total other long-term investments</b>	<b>606,365</b>	<b>606,365</b>

## 19. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements			
	Land awaiting development / sales	Units in office building and shops for rent (including land)	Construction in progress	Total	Land awaiting development / sales	Units in office building and shops for rent (including land)	Construction in progress	Total
Balance as at 31 December 2018	191,077	1,032,602	9,672	1,233,351	73,352	100,839	9,430	183,621
Addition	-	83,626	-	83,626	-	-	-	-
Transfer from property development cost	-	17,387	-	17,387	-	-	-	-
Write off	-	-	(9,672)	(9,672)	-	-	(9,430)	(9,430)
Gain on revaluation of investment properties	11,640	74,870	-	86,510	1,419	6,009	-	7,428
Balance as at 31 December 2019	<u>202,717</u>	<u>1,208,485</u>	<u>-</u>	<u>1,411,202</u>	<u>74,771</u>	<u>106,848</u>	<u>-</u>	<u>181,619</u>

As at 31 December 2019, the fair value of the investment properties has been determined based on valuation performed by an independent valuer, using the Market Approach (2018: the Market Approach for land awaiting development / sales, and the Income Approach for units in office building and shops for rent).



During the second quarter of 2019, the management has considered that the change in property market condition affect the selling price of the units in office building and land which the shops for rent are located. The management, therefore, reassessed the highest and best use of the units in office building and shops for rent and considered that using the Market Approach for revaluation of such assets is more appropriate in determining the fair value under the current market condition. As a result, the Group hired an independent appraiser to appraise the value of their investment properties and considered to change their determination of fair value of units in office building and shops for rent from the Income Approach to the Market Approach. In this regard, the Group recognised a Baht 75 million gain on change in valuation approach, which was included in gain on revaluation of investment properties in the consolidated income statements for the year ended 31 December 2019.

Key assumptions used in the valuation are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
Price per rai	110 - 16,000	171 - 16,000	Increase in fair value
Price per Sq.m.	43 - 85	-	Increase in fair value

As at 31 December 2019, the subsidiaries have pledged investment properties amounting to approximately Baht 837 million (2018: Baht 729 million) as collateral against credit facilities received from financial institutions and as security deposit for the litigation in Note 44.

## 20. Property, plant and equipment

### Consolidated financial statements

#### Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
<b>At cost</b>										
As at 1 January 2018	1,510,817	5,093,911	433,683	1,700,133	1,099,697	526,154	59,755	183,528	62,253	10,669,931
Additions	-	7,376	902	49,085	51,794	44,540	1,081	13,440	348,127	516,345
Disposals and write-off	-	-	-	(2,224)	(36,713)	(25,066)	(9)	(960)	-	(64,972)
Transfers in/out	-	115,656	-	19,912	19,848	25,912	806	1,905	(184,039)	-
Transfer to property development cost	-	(30,684)	-	-	-	-	-	-	-	(30,684)
Transfer from property development cost	-	100,659	-	-	13,428	-	-	-	-	114,087
Adjustments	(44)	(3,946)	(2,104)	(356)	(353)	(807)	(88)	(380)	(1,193)	(9,271)
As at 31 December 2018	1,510,773	5,282,972	432,481	1,766,550	1,147,701	570,733	61,545	197,533	225,148	11,195,436
Additions	9,700	67,880	1,644	32,612	33,086	51,400	603	7,337	737,675	941,937
Disposals and write-off	-	(493)	-	(8,391)	(21,329)	(29,637)	(20,783)	(3,283)	(3,142)	(87,058)
Transfers in/out	-	405,771	1,559	191,761	100,602	36,772	1,584	45,434	(783,483)	-
Transfer to property development cost	(3,105)	(26,141)	-	(4,691)	(10,927)	-	-	-	-	(44,864)
Transfer from property development cost	7,088	263,018	-	-	32,950	-	-	-	-	303,056
Adjustments	(224)	(806)	(726)	(233)	(244)	(203)	-	(79)	(780)	(3,295)
As at 31 December 2019	1,524,232	5,992,201	434,958	1,977,608	1,281,839	629,065	42,949	246,942	175,418	12,305,212

## **Consolidated financial statements (continued)**

### **Assets carried at cost**

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
<b>Accumulated depreciation</b>										
As at 1 January 2018	(571)	(1,669,084)	(332,678)	(1,175,170)	(949,105)	(378,851)	(45,610)	(168,466)	-	(4,719,535)
Depreciation charged for the year	-	(151,441)	(11,704)	(93,795)	(54,177)	(52,213)	(3,700)	(6,207)	-	(373,237)
Disposals and write-off	-	-	-	1,717	34,703	24,838	4	910	-	62,172
Transfer to property development cost	-	16,427	-	-	-	-	-	-	-	16,427
Adjustments	-	1,621	54	(72)	312	148	86	358	-	2,507
As at 31 December 2018	(571)	(1,802,477)	(344,328)	(1,267,320)	(968,267)	(406,078)	(49,220)	(173,405)	-	(5,011,666)
Depreciation charged for the year	-	(166,219)	(11,808)	(94,099)	(70,449)	(56,902)	(3,611)	(6,874)	-	(409,962)
Disposals and write-off	-	328	-	8,195	20,955	29,393	18,636	3,283	-	80,790
Transfer to property development cost	-	8,683	-	3,874	8,321	-	-	-	-	20,878
Adjustments	-	165	37	8	375	156	-	69	-	810
As at 31 December 2019	(571)	(1,959,520)	(356,099)	(1,349,342)	(1,009,065)	(433,431)	(34,195)	(176,927)	-	(5,319,150)
<b>Allowance for impairment loss</b>										
As at 1 January 2018	-	(4,923)	-	-	-	-	-	-	-	(4,923)
Adjustments	-	170	-	-	-	-	-	-	-	170
As at 31 December 2018	-	(4,753)	-	-	-	-	-	-	-	(4,753)
Reverse (addition)	-	(11,150)	-	-	-	-	-	-	-	(11,150)
Adjustments	-	162	-	-	-	-	-	-	-	162
As at 31 December 2019	-	(15,741)	-	-	-	-	-	-	-	(15,741)
<b>Net book value - At cost</b>										
As at 1 January 2018	1,510,246	3,419,904	101,005	524,963	150,592	147,303	14,145	15,062	62,253	5,945,473
As at 31 December 2018	1,510,202	3,475,742	88,153	499,230	179,434	164,655	12,325	24,128	225,148	6,179,017
As at 31 December 2019	1,523,661	4,016,940	78,859	628,266	272,774	195,634	8,754	70,015	175,418	6,970,321

## Consolidated financial statements (continued)

### Assets carried at revalued amount

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
<b>Revaluation portion</b>										
As at 1 January 2018	5,257,496	139,224	-	-	-	-	-	-	-	5,396,720
Transfer to property development cost	-	(9,095)	-	-	-	-	-	-	-	(9,095)
As at 31 December 2018	5,257,496	130,129	-	-	-	-	-	-	-	5,387,625
Additions	990,724	63,959	-	-	-	-	-	-	-	1,054,683
Transfer to property development cost	(153,460)	(249)	-	-	-	-	-	-	-	(153,709)
As at 31 December 2019	6,094,760	193,839	-	-	-	-	-	-	-	6,288,599
<b>Accumulated depreciation</b>										
As at 1 January 2018	-	(42,335)	-	-	-	-	-	-	-	(42,335)
Depreciation of revaluation surplus on assets	-	(2,465)	-	-	-	-	-	-	-	(2,465)
Transfer to property development cost	-	4,837	-	-	-	-	-	-	-	4,837
As at 31 December 2018	-	(39,963)	-	-	-	-	-	-	-	(39,963)
Depreciation of revaluation surplus on assets	-	(1,955)	-	-	-	-	-	-	-	(1,955)
Additions	-	(39,213)	-	-	-	-	-	-	-	(39,213)
Transfer to property development cost	-	83	-	-	-	-	-	-	-	83
As at 31 December 2019	-	(81,048)	-	-	-	-	-	-	-	(81,048)
<b>Net book value - revaluation portion</b>										
As at 1 January 2018	5,257,496	96,889	-	-	-	-	-	-	-	5,354,385
As at 31 December 2018	5,257,496	90,166	-	-	-	-	-	-	-	5,347,662
As at 31 December 2019	6,094,760	112,791	-	-	-	-	-	-	-	6,207,551
<b>Property, plant and equipment - net</b>										
As at 1 January 2018	6,767,742	3,516,793	101,005	524,963	150,592	147,303	14,145	15,062	62,253	11,299,858
As at 31 December 2018	6,767,698	3,565,908	88,153	499,230	179,434	164,655	12,325	24,128	225,148	11,526,679
As at 31 December 2019	7,618,421	4,129,731	78,859	628,266	272,774	195,634	8,754	70,015	175,418	13,177,872
<b>Depreciation for the year</b>										
2018										375,532
2019										411,755

## Separate financial statements

### Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building	Machinery and equipment	Furniture and fixtures	Operating and office Equipment	External work	Motor vehicles	Construction in process	Total
<b>At cost</b>									
As at 1 January 2018	189	57,342	16,108	15,173	36,623	1,527	8,558	281	135,801
Additions	-	-	87	428	1,114	-	-	6,870	8,499
Disposals and write-off	-	(30,684)	-	(156)	(1,414)	-	-	-	(32,254)
Adjustments	-	-	-	-	-	-	-	(50)	(50)
As at 31 December 2018	189	26,658	16,195	15,445	36,323	1,527	8,558	7,101	111,996
Additions	-	-	-	616	1,673	-	-	6,565	8,854
Disposals and write-off	-	-	-	(247)	(420)	-	-	-	(667)
Transfer in / out	-	12,284	-	-	-	-	-	(12,284)	-
As at 31 December 2019	189	38,942	16,195	15,814	37,576	1,527	8,558	1,382	120,183
<b>Accumulated depreciation</b>									
As at 1 January 2018	-	(33,156)	(5,447)	(11,911)	(26,187)	(1,408)	(7,908)	-	(86,017)
Depreciation charged for the year	-	(1,501)	(1,088)	(851)	(4,158)	(31)	(201)	-	(7,830)
Disposals and write-off	-	16,427	-	156	1,360	-	-	-	17,943
As at 31 December 2018	-	(18,230)	(6,535)	(12,606)	(28,985)	(1,439)	(8,109)	-	(75,904)
Depreciation charged for the year	-	(2,455)	(1,091)	(965)	(3,538)	(32)	(184)	-	(8,265)
Disposals and write-off	-	-	-	245	420	-	-	-	665
As at 31 December 2019	-	(20,685)	(7,626)	(13,326)	(32,103)	(1,471)	(8,293)	-	(83,504)
<b>Allowance for impairment loss</b>									
Additions	-	(2,920)	-	-	-	-	-	-	(2,920)
As at 31 December 2019	-	(2,920)	-	-	-	-	-	-	(2,920)
<b>Net book value - At cost</b>									
As at 1 January 2018	189	24,186	10,661	3,262	10,436	119	650	281	49,784
As at 31 December 2018	189	8,428	9,660	2,839	7,338	88	449	7,101	36,092
As at 31 December 2019	189	15,337	8,569	2,488	5,473	56	265	1,382	33,759

## Separate financial statements (continued)

### Assets carried at revalued amount

(Unit: Thousand Baht)

	Land and Land Improvement	Building	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in process	Total
<b>Revaluation portion</b>									
As at 1 January 2018	3,804	14,092	-	-	-	-	-	-	17,896
Disposals and write-off	-	(9,095)	-	-	-	-	-	-	(9,095)
As at 31 December 2018	3,804	4,997	-	-	-	-	-	-	8,801
Additions	444	7,522	-	-	-	-	-	-	7,966
As at 31 December 2019	4,248	12,519	-	-	-	-	-	-	16,767
<b>Accumulated depreciation</b>									
As at 1 January 2018	-	(7,464)	-	-	-	-	-	-	(7,464)
Depreciation of revaluation surplus on assets	-	(176)	-	-	-	-	-	-	(176)
Disposal and write off	-	4,837	-	-	-	-	-	-	4,837
As at 31 December 2018	-	(2,803)	-	-	-	-	-	-	(2,803)
Depreciation charged for the year	-	(49)	-	-	-	-	-	-	(49)
Additions	-	(5,128)	-	-	-	-	-	-	(5,128)
As at 31 December 2019	-	(7,980)	-	-	-	-	-	-	(7,980)
<b>Net book value - revaluation portion</b>									
As at 1 January 2018	3,804	6,628	-	-	-	-	-	-	10,432
As at 31 December 2018	3,804	2,194	-	-	-	-	-	-	5,998
As at 31 December 2019	4,248	4,539	-	-	-	-	-	-	8,787
<b>Property, plant and equipment - net</b>									
As at 1 January 2018	3,993	30,814	10,661	3,262	10,436	119	650	281	60,216
As at 31 December 2018	3,993	10,622	9,660	2,839	7,338	88	449	7,101	42,090
As at 31 December 2019	4,437	19,876	8,569	2,488	5,473	56	265	1,382	42,546
<b>Depreciation for the year</b>									
2018									8,006
2019									8,314

The Company and subsidiaries arranged for an independent professional valuer to re-appraise the value of certain assets in the report dated 29 November 2019 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land was revalued using the Market Approach.
- Buildings were revalued using the Replacement Cost Approach or Income Approach.

Key assumptions used in the valuation are summarised below:

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
Building - Price per square metre (Baht)	1,000 - 75,000	1,000 - 16,000	Increase in fair value
Discount rate (%)	13	-	Decrease in fair value
Average room rate per night (Baht)	10,432	-	Increase in fair value
Land - Price per rai (Million Baht)	1.5 - 400	18	Increase in fair value

As at 31 December 2019, certain buildings and equipment of the Group have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 2,204 million (2018: Baht 2,295 million) (the Company only: Baht 45 million, 2018: Baht 42 million).

As at 31 December 2019, the Group had an outstanding balance of new buildings under construction amounting to Baht 231 million (2018: Nil). The construction has been financed with loans from a financial institution. Borrowing costs amounting to Baht 11 million were capitalised during the year ended 31 December 2019 (2018: Nil). The weighted average rate of 4.93% has been used to determine the amount of borrowing costs eligible for capitalization.

The subsidiaries have mortgaged land and buildings at fair value of Baht 9,135 million (2018: Baht 7,488 million) as collateral against credit facilities received from financial institutions.

## 21. Leasehold rights

(Unit: Thousand Baht)

	<u>Hotel units</u>
<b>Cost</b>	
As at 1 January 2018	49,664
Exchange rate adjustment	<u>(1,540)</u>
As at 31 December 2018	48,124
Exchange rate adjustment	<u>(2,795)</u>
As at 31 December 2019	<u>45,329</u>
<b>Accumulated amortisation</b>	
As at 1 January 2018	(38,203)
Amortisation for the year	(2,495)
Exchange rate adjustment	<u>1,212</u>
As at 31 December 2018	(39,486)
Amortisation for the year	(2,371)
Exchange rate adjustment	<u>2,339</u>
As at 31 December 2019	<u>(39,518)</u>
<b>Net book value</b>	
As at 31 December 2018	<u>8,638</u>
As at 31 December 2019	<u>5,811</u>

Leasehold rights of hotel units are amortised over the term of the lease of 20 years from July 2002 to June 2022.

## 22. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Short-term loans from financial institutions	2.40 – 6.00 (2018: 3.63 – 3.65)	<u>1,117,000</u>	<u>450,000</u>	<u>650,000</u>	<u>240,000</u>
Total		<u>1,117,000</u>	<u>450,000</u>	<u>650,000</u>	<u>240,000</u>

These short-term loans from financial institutions are secured by the mortgage of plots of land and buildings of its subsidiaries, as described in Note 20 and by the guarantee provided by subsidiaries.



## 23. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade accounts payable	433,703	325,389	2,046	1,478
Accrued construction	18,122	-	-	-
Amounts due to related parties (Note 10)	150,853	121,213	13,243	9,420
Accrued expenses	225,314	198,140	16,220	13,885
Other payables	231,371	242,712	263	209
Service charge payable to hotel staff	36,783	34,256	-	-
Accrued rental to villa owners	92,014	99,104	6,834	8,687
<b>Total</b>	<b>1,188,160</b>	<b>1,020,814</b>	<b>38,606</b>	<b>33,679</b>

## 24. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(Restated)		
Value added tax payable	65,185	60,148	3,173	4,487
Unearned income	33,467	34,614	-	-
Other tax payable	153,653	89,978	21,052	3,134
Short-term provision	9,018	10,691	-	-
<b>Total</b>	<b>261,323</b>	<b>195,431</b>	<b>24,225</b>	<b>7,621</b>

## 25. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Secured	4,858,327	2,997,194	1,363,809	74,125
Long-term loans are repayable as follows:				
Within 1 year	899,235	673,343	37,000	3,875
Over 1 year to 5 years	2,137,962	1,820,601	565,250	62,000
Over 5 years	1,821,130	503,250	761,559	8,250
	3,959,092	2,323,851	1,326,809	70,250
<b>Total</b>	<b>4,858,327</b>	<b>2,997,194</b>	<b>1,363,809</b>	<b>74,125</b>

Long-term loans consist of the following:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b><u>The Company</u></b>				
(1) Baht loan from a bank, with a facility of Baht 75 million repayable quarterly from April 2017 to January 2024, at an interest rate as follows: 2017 onwards: MLR less 0.75%, 1.25% and 1.5% per annum	70,250	74,125	70,250	74,125
(2) Baht loan from a bank, with a facility of Baht 1,300 million repayable quarterly from February 2020 to November 2027, at an interest rate as follows: 2019 onwards: MLR less 1.25% and 1.5% per annum	1,293,559	-	1,293,559	-
<b><u>Subsidiaries</u></b>				
(3) Baht loan from a bank, with a facility of Baht 1,000 million <sup>(a)</sup> repayable quarterly from October 2009 to July 2022, at an interest rate as follows: 2018 onwards: MLR less 0.5% and 0.75% per annum	339,550	467,550	-	-
(4) Baht loan from a bank, with a facility of Baht 800 million repayable quarterly from March 2013 to December 2022, at an interest rate as follows: 2012 onwards: MLR less 1% per annum	240,000	320,000	-	-
(5) Baht loan from a bank, with a facility of Baht 298 million <sup>(a)</sup> repayable quarterly from June 2014 to March 2022, at an interest rate as follows: 2016 onwards: MLR less 1% per annum	82,729	114,729	-	-
(6) Baht loan from a bank, with a facility of Baht 175 million, repayable quarterly from January 2017 to October 2023, at an interest rate as follows: 2015 onwards: MLR less 1%, 1.25% and 1.5% per annum	157,500	169,500	-	-
(7) Baht loan from a bank, with a facility of Baht 100 million, repayable quarterly from December 2016 to September 2022, at an interest rate as follows: 2015 onwards: MLR less 1% and 1.25% per annum	48,000	64,000	-	-
(8) Baht loan from a bank, with a facility of Baht 600 million <sup>(a)</sup> repayable quarterly from June 2016 to March 2021, at an interest rate as follows: 2015 onwards: MLR less 0.75% and 1.25% per annum	158,000	282,294	-	-
(9) Baht loan from a bank, with a facility of Baht 900 million <sup>(a)</sup> repayable quarterly from August 2018 to August 2022, at an interest rate as follows: 2015 onwards: MLR less 0.75% and 1.25% per annum	367,041	365,840	-	-
(10) Baht loan from a bank, with a facility of Baht 800 million repayable quarterly from October 2018 to May 2030, at an interest rate as follows: 2018 -2022: MLR less 1.5% per annum 2023 onwards: MLR less 1.25% per annum	799,000	500,000	-	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(11) Baht loan from a bank, with a facility of Baht 300 million repayable quarterly from December 2019 to July 2031, at an interest rate as follows: 2018 onwards: MLR less 1.25% and 1.50% per annum	131,182	250,156	-	-
(12) Baht loan from a bank, with a facility of Baht 450 million repayable quarterly from August 2017 to May 2023, at an interest rate as follows: 2016 onwards: MLR less 1.0%, 1.25% and 1.5% per annum	323,000	389,000	-	-
(13) Baht loan from a bank, with a facility of Baht 335 million repayable quarterly from November 2019 to August 2027, at an interest rate as follows: 2019 onwards: MLR less 1.25% and 1.5% per annum	115,500	-	-	-
(14) Baht loan from a bank, with a facility of Baht 100 million <sup>(a)</sup> repayable quarterly from August 2020 to August 2023, at an interest rate as follows: 2019 onwards: MLR less 1.25% and 1.5% per annum	32,000	-	-	-
(15) Baht loan from a bank, with a facility of Baht 400 million repayable quarterly from February 2020 to November 2027, at an interest rate as follows: 2019 onwards: MLR less 1.25% and 1.5% per annum	298,016	-	-	-
(16) Baht loan from a bank, with a facility of Baht 75 million repayable quarterly from July 2019 to April 2026, at an interest rate as follows: 2019 onwards: MLR less 1.25% and 1.5% per annum	74,000	-	-	-
(17) Baht loan from a bank, with a facility of Baht 400 million <sup>(a)</sup> repayable yearly from December 2020 to December 2024, at an interest rate as follows: 2019 onwards: MLR less 1.25% and 1.5% per annum	329,000	-	-	-
Total long-term loans from financial institutions	<u>4,858,327</u>	<u>2,997,194</u>	<u>1,363,809</u>	<u>74,125</u>

MLR: Minimum Lending Rate

(a) Also subject to mandatory prepayment in inverse order of maturity upon the ownership transfer of property sales units.

Movement of the long-term loan account during the year ended 31 December 2019 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	2,997,194	74,125
Add: Additional borrowings	2,625,575	1,293,559
Less: Repayment	(764,442)	(3,875)
Balance as at 31 December 2019	<u>4,858,327</u>	<u>1,363,809</u>

The additional borrowings during the year are for the property development projects, hotel renovation and dividend payment.

The loans are secured by mortgage of plots of land and buildings of its subsidiaries, as described in Notes 12, 19, 20. The loan in (10) above is guaranteed by a subsidiary and the pledge of 10 million ordinary shares of Thai Wah Public Company Limited.

The loan agreements contain several covenants which, among other things, require the Group to maintain debt to equity ratios and debt service coverage ratios at the rate prescribed in the agreements.

As at 31 December 2019, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 936 million (2018: Baht 555 million).

## 26. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company and other employee benefits plan, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2019			2018		
	Post- employment benefits	Other long-term benefits	Total	Post- employment benefits	Other long-term benefits	Total
<b>Balance at beginning of year</b>	41,994	23,499	65,493	33,846	21,322	55,168
Included in profit or loss:						
Current service cost	4,168	1,205	5,373	2,077	2,186	4,263
Interest cost	575	523	1,098	524	486	1,010
Past service costs and gains or losses on settlement	7,132	-	7,132	-	-	-
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	-	-	-	742	742
Financial assumptions changes	-	-	-	-	(1,546)	(1,546)
Experience adjustments	-	-	-	-	6,987	6,987
Included in other comprehensive income:						
Actuarial loss arising from						
Demographic assumptions changes	-	-	-	341	-	341
Financial assumptions changes	-	-	-	341	-	341
Experience adjustments	-	-	-	10,695	-	10,695
Benefits paid during the year	<u>(1,375)</u>	<u>(3,392)</u>	<u>(4,767)</u>	<u>(5,830)</u>	<u>(6,678)</u>	<u>(12,508)</u>
<b>Balance at end of year</b>	<u>52,494</u>	<u>21,835</u>	<u>74,329</u>	<u>41,994</u>	<u>23,499</u>	<u>65,493</u>

(Unit: Thousand Baht)

	Separate financial statements					
	2019			2018		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
<b>Balance at beginning of year</b>	14,577	1,693	16,270	13,446	1,341	14,787
Included in profit or loss:						
Current service cost	1,255	79	1,334	184	123	307
Interest cost	79	41	120	88	41	129
Past service costs and gains or losses on settlement	2,050	-	2,050	-	-	-
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	-	-	-	89	89
Financial assumptions changes	-	-	-	-	(185)	(185)
Experience adjustments	-	-	-	-	836	836
Included in other comprehensive income:						
Actuarial loss arising from						
Demographic assumptions changes	-	-	-	84	-	84
Financial assumptions changes	-	-	-	84	-	84
Experience adjustments	-	-	-	2,646	-	2,646
Benefits paid during the year	-	(136)	(136)	(1,955)	(552)	(2,507)
<b>Balance at end of year</b>	<b>17,961</b>	<b>1,677</b>	<b>19,638</b>	<b>14,577</b>	<b>1,693</b>	<b>16,270</b>

On 5 April 2019, the Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 7 million (The Company only: Baht 2 million) as a result. The Group recorded the effect of the change by recognising past service costs as expenses in the income statement for the second quarter of the current year.

As at 31 December 2019, cumulative actuarial gains (net of actuarial losses) of post-employment benefits, which were recognised in other comprehensive income of the Group and recognised as a part of retained earnings as at 31 December 2019, amounted to Baht 10 million (2018: Baht 10 million) (the Company only: Cumulative actuarial loss Baht 1 million and 2018: cumulative actuarial gain Baht 1 million).

The Group expects to pay Baht 22 million of long-term employee benefits during the next year (the Company only: Baht 13 million) (2018: Baht 20 million, the Company: Baht 13 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 10 years (the Company only: 10 years) (2018: 10 years, the Company only: 10 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate (% per annum)	2.75	2.75	2.75	2.75
Salary increase rate (% per annum)	3.25	3.25	3.25	3.25
Gold price (Baht)	18,500	18,500	18,500	18,500

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.50%)	(947)	985	(108)	113
Salary increase rate (+/-1.00%)	1,673	(1,535)	232	(213)
Gold Price (+/- 1,000 Baht)	422	(422)	32	(32)

## 27. Provision for legal cases

	(Unit: Thousand Baht)	
	Consolidated financial statement	
	2019	2018
Balance at beginning of year	20,682	41,018
Increase	1,668	20,682
Settlement	(4,036)	(10,000)
Reversal	-	(31,018)
Balance at end of year	18,314	20,682

(Unit: Thousand Baht)

	Consolidated financial statement	
	2019	2018
Current	-	-
Non-current	18,314	20,682
	<u>18,314</u>	<u>20,682</u>

## 28. Capital reserve

The capital reserve relates to the accounting of assets in subsidiaries at their fair values as at the acquisition date and cannot be used for dividend payments.

## 29. Revaluation surplus

This represents surplus arising from revaluation of property, plant and equipment.

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2019	2018	2019	2018
Balance - beginning of year	4,790,813	4,799,913	139,043	142,719
Addition of revaluation surplus on assets	809,898	-	2,270	-
Reversal of revaluation surplus on disposal of assets	(19,770)	(9,100)	-	(3,676)
Balance - end of year	<u>5,580,941</u>	<u>4,790,813</u>	<u>141,313</u>	<u>139,043</u>

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

## 30. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

### 31. Revenue from contracts with customers

#### 30.1 Disaggregated revenue information

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2019</u>	<u>2018</u> (Restated)	<u>2019</u>	<u>2018</u> (Restated)
	<b>Revenue from contract with customers:</b>			
Revenue from hotel operations	3,356,259	3,572,748	36,297	37,371
Revenue from property development operations	2,568,163	1,705,618	350	629
Revenue from office rental operations - service income	21,979	19,937	2,481	2,780
Management fee income	4,633	2,553	107,432	97,233
<b>Total revenue from contract with customers</b>	<b>5,951,034</b>	<b>5,300,856</b>	<b>146,560</b>	<b>138,013</b>
Revenue from office rental operations - rental income	69,204	78,730	19,096	18,559
Interest income	38,194	31,368	73,143	41,694
Dividend income	-	-	1,037,831	28,271
Gain on change in fair value of investment properties	86,510	50,618	7,428	-
Other	12,879	16,865	1,515	5,079
<b>Total revenue</b>	<b>6,157,821</b>	<b>5,478,437</b>	<b>1,285,573</b>	<b>231,616</b>
<b>Timing of revenue recognition:</b>				
Revenue recognised at a point in time	5,799,271	5,112,700	36,647	38,000
Revenue recognised over time	151,763	188,156	109,913	100,013
<b>Total revenue from contracts with customers</b>	<b>5,951,034</b>	<b>5,300,586</b>	<b>146,560</b>	<b>138,013</b>

#### 31.2 Contract balances and revenue recognised in relation to contract balances

As at 31 December 2019 and 2018, the Group had significant contract balances and revenue recognised in relation to contract balance from hotel and property development operations, which are summarised below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue recognised that was included in contract liabilities at the beginning of the year	547,433	503,069	-	-



### 31.3 Revenue to be recognised for the remaining performance obligations

As at 31 December 2019, the Group has revenue from property development operations of Baht 3,086 million which is expected to be recognised as revenue over the next 3 years (2018: Baht 3,279 million which is expected to be recognised as revenue over the next 2 years) as construction of development properties progress.

### 32. Other income

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Interest income	38,194	31,368	73,143	41,694
Dividend income	-	-	1,037,831	28,271
Gain on revaluation				
of investment properties (Note 19)	86,510	50,618	7,428	-
Management fee income	4,633	2,553	107,432	97,233
Other	12,879	16,865	1,515	5,079
<b>Total</b>	<b>142,216</b>	<b>101,404</b>	<b>1,227,349</b>	<b>172,277</b>

### 33. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(Restated)		
Salaries, wages and other employee benefits	1,037,431	1,139,368	108,021	107,380
Depreciation	411,755	375,532	8,314	8,006
Rental expenses from operating lease agreements	205,064	252,381	32,783	32,974
Repairs and maintenance	180,553	173,493	2,525	4,759
Water and electricity	216,093	209,690	4,830	4,630
Management, incentive fee and royalty fees	179,444	173,598	-	-
Commission	173,378	165,586	-	-
Sales and marketing expenses	334,806	280,379	1,274	(349)
Food and beverage cost	337,395	339,818	-	-
Increase in land and construction during the year	1,809,520	962,142	-	-
Change in property development cost	(323,058)	170,639	-	15,728

### 34. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(Restated)			
<b>Current income tax:</b>				
Current income tax charge	82,076	91,525	-	-
Adjustment in respect of income tax of previous year	4,122	5,318	-	-
Write off prepaid withholding tax	-	890	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	138,320	29,897	(492)	(9,869)
<b>Income tax expense reported profit or loss</b>	<b>224,518</b>	<b>127,630</b>	<b>(492)</b>	<b>(9,869)</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax relating to actuarial loss	-	(2,275)	-	(563)
Deferred tax relating to revaluation surplus on assets	203,093	-	568	-

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
		(Restated)		
Accounting profit before income tax	582,723	210,857	1,019,764	(29,669)
Applicable tax rate	0% - 20%	0% - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	116,452	42,241	203,953	(5,934)
Adjustment in respect of income tax of previous year	4,122	5,318	-	-
Write off prepaid withholding tax	-	890	-	-
Effects of:				
Gain on sales of investments in subsidiaries in the Group	19,002	43,799	-	-
Gain on sales of land in subsidiaries in the Group	21,608	-	-	-
Gain on conversion of loan to share capital of subsidiaries in the Group	12,647	-	-	-
Dividend income	5,008	-	(207,566)	(5,654)
Unused tax losses	34,585	28,378	-	-
Non-taxable expenses	11,094	7,004	3,121	1,719
Total	103,944	79,181	(204,445)	(3,935)
<b>Income tax expense reported in profit or loss</b>	<b>224,518</b>	<b>127,630</b>	<b>(492)</b>	<b>(9,869)</b>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position	
	Consolidated financial statements	
	2019	2018
		(Restated)
<b>Deferred tax assets (liabilities)</b>		
Unutilised tax losses	97,714	185,565
Provision for long-term employee benefits	14,942	10,297
Intercompany charges to property development cost and property, plant and equipment	15,360	18,655
Other items of deferred tax assets	31,428	23,311
Revaluation surplus on assets	(1,675,714)	(1,582,870)
Temporary differences arising from revenue and cost recognition	(882,500)	(760,394)
Gain on revaluation of investment properties	(223,497)	(175,418)
<b>Net deferred tax liabilities</b>	<u>(2,622,267)</u>	<u>(2,280,854)</u>
Reflected in the statements of financial position as follows:		
Deferred tax assets	54,198	78,025
Deferred tax liabilities	(2,676,465)	(2,358,879)
<b>Deferred tax liabilities, net</b>	<u>(2,622,267)</u>	<u>(2,280,854)</u>

(Unit: Thousand Baht)

	Statements of financial position	
	Separated financial statements	
	2019	2018
<b>Deferred tax assets (liabilities)</b>		
Unutilised tax losses	15,965	18,892
Provision for long-term employee benefits	3,928	3,254
Other items of deferred tax assets	1,011	1,116
Revaluation surplus on assets	(21,185)	(21,211)
Temporary differences arising from revenue recognition	(80,525)	(84,431)
Gain on revaluation of investment properties	(26,047)	(24,397)
<b>Net deferred tax liabilities</b>	<b>106,853</b>	<b>(106,777)</b>

As at 31 December 2019, the Group has unused tax losses totaling Baht 452 million (2018: Baht 266 million), on which deferred tax assets have not been recognised on these amounts as the Group believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

Details of expiry date of unused tax losses are summarised as below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
31 December 2019	-	51,215	-	-
31 December 2020	95,219	54,699	-	-
31 December 2021	96,617	38,091	-	-
31 December 2022	112,668	67,832	-	-
31 December 2023	125,136	53,895	-	-
31 December 2024	21,911	-	-	-
	<b>451,551</b>	<b>265,732</b>	<b>-</b>	<b>-</b>

### 35. Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	(Restated)			
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	364,101	87,697	1,020,256	(19,800)
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	2.18	0.53	6.12	(0.12)

### 36. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Contributions are made to the fund by both employees and the Group and will be paid to employees upon termination in accordance with the fund rules of the Group's provident fund.

During the years, the contributions were recognised as expenses as following details:

(Unit: Million Baht)

	Fund Manager		Company's contribution in	
	Operation staffs	Office staffs	2019	2018
Laguna Resorts & Hotels Public Company Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	2.9	2.9
Laguna Grande Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	0.9	1.1
Bangtao Grande Limited Company Limited	SCB Asset Management	-	4.2	4.2
Laguna Banyan Tree Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	6.6	6.3
Banyan Tree Gallery (Thailand) Limited	-	MFC Asset Management Plc.	0.6	0.9
Banyan Tree Gallery (Singapore) Pte Ltd.	-	Central Provident Fund Board	1.1	1.3
Laguna Service Company Limited	-	MFC Asset Management Plc.	2.2	2.2
Laguna Holiday Club Limited	-	MFC Asset Management Plc.	0.8	0.9
Thai Wah Plaza Limited Company Limited	TISCO Assets Management	MFC Asset Management Plc.	4.1	4.4
Laguna Village Limited	MFC Asset Management Plc.	-	-	0.7
Laguna Excursions Limited	-	MFC Asset Management Plc.	0.3	0.3
Phuket Grande Resort Limited (Formerly known as "Phuket Resort Development Limited")	MFC Asset Management Plc.	MFC Asset Management Plc.	0.9	1.2

### 37. Dividends

Dividends declared in 2019 and 2018 consisted of:

<u>Dividend</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend</u> <u>per share</u> (Baht)
Interim dividends on retained earnings for the period ended 30 September 2019	Board of Directors' Meeting on 20 November 2019	1,500.14	9.00
Dividends on retained earnings for the year ended 31 December 2018	Annual General Meeting of the shareholders on 26 April 2019	68.33	0.41
Total for 2019		<u>1,568.47</u>	<u>9.41</u>
Dividends on retained earnings for the year ended 31 December 2017	Annual General Meeting of the shareholders on 27 April 2018	63.34	0.38
Total for 2018		<u>63.34</u>	<u>0.38</u>

### 38. Commitments

#### Capital commitment

As at 31 December 2019, the Group has capital commitments as follows:

- (a) The subsidiaries have commitments in respect of constructing new and renovating existing hotel properties and office rental amounting to Baht 119 million (2018: Baht 162 million).
- (b) The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 1,396 million (2018: Baht 894 million).
- (c) During the second quarter of 2019, a subsidiary entered into two sale and purchase agreements for land with unrelated persons, area of 13 rai 66.6 square wah, totaling Baht 99 million. The subsidiary paid deposit of Baht 74 million and the remaining Baht 25 million shall be paid within February 2020.

## Operating agreements

As at 31 December 2019, the Group has operating agreements as follows:

- (a) The subsidiaries have entered into operating agreements with certain companies whereby these companies are to operate the subsidiaries' hotels and golf businesses. In consideration of such services, the subsidiaries are committed to pay remuneration at the rates, terms and basis specified in the agreements. These agreements are summarised below:

Company	Business unit	Operator	Contract period	Fees
Bangtao Grande Limited	Angsana Laguna Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 30.11.2031	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 30.11.2031	- Management fee: 10% of gross operating profit
	Angsana Villas Resort Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.8.2016 - 31.7.2041	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.8.2016 - 31.7.2041	- Management fee: 7.5% of gross operating profit
	Laguna Holiday Club Phuket Resort	Banyan Tree Hotels & Resorts Pte. Limited	19.10.2015 - 18.10.2035	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	19.10.2015 - 18.10.2035	- Management fee: 7.5% of gross operating profit
Laguna Banyan Tree Limited	Banyan Tree Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.1.2016 - 31.12.2025	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.1.2016 - 31.12.2025	- Technical fee: 7.5% of gross operating profit
Thai Wah Plaza Limited	Banyan Tree Bangkok	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 31.12.2021	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 31.12.2021	- Management fee: 10% of gross operating profit
Phuket Grande Resort Limited (Formerly known as Phuket Resort Development Limited)	Cassia Phuket	Banyan Tree Hotels & Resorts Pte. Limited	20.10.2015 - 19.10.2040	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	20.10.2015 - 19.10.2040	- Management fee: 7.5% of gross operating profit
Banyan Tree Gallery (Singapore) Pte. Limited	Gallery	Banyan Tree Hotels & Resorts Pte. Limited	1.1.2009 onwards	- Royalty fee: 1% of total revenue
Banyan Tree Gallery (Thailand) Limited	Gallery	Banyan Tree Hotels & Resorts Pte. Limited	1.1.2009 onwards	- Royalty fee: 1% of total revenue

(a) Operator has option to extend for 1 additional period of 10 years.

(b) Operator has option to extend for 1 additional period of 20 years.

(c) Either party may extend the contract period for another 20 years with indefinite number of extension.

- (b) The Group has commitments in respect of cash rewards options for villa/unit rental scheme agreements. The cash reward options are included fix return or variable return based on actual hotel revenue or hotel profit. The terms of the agreements are generally 2 - 3 years.



As at 31 December 2019 and 2018, future minimum payments required under these agreements were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Payable within:				
In up to 1 year	23	10	4	5
In over 1 and up to 5 years	46	8	4	7

During the year 2019, the Group recognised rental expenses of Baht 22 million (2018: Baht 19 million) (the Company only: Baht 5 million and 2018: Baht 5 million).

#### Servitude over land

As at 31 December 2019, some subsidiaries have land servitudes of approximately 11 rai (2018: 11 rai) in Phuket province, which are presented under property development cost and property, plant and equipment.

### **39. Guarantees**

As at 31 December 2019, there were bank guarantees amounting to Baht 50 million (the Company only: Baht 0.4 million) issued to various parties on behalf of the Group, mainly provided for the usage of electricity, other utilities and telecommunication channels (2018: Baht 58 million, the Company only: Baht 2 million).

### **40. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on its products and services and have the reportable segments as follows:

- Hotel business segment relates to hotel and restaurant operations including other relating businesses such as golf club and sales of merchandise.
- Property development segment relates to property sales and sale of holiday club memberships.
- Office rental segment relates to rental and service from lands and buildings which managements manage for lease.
- Head office segment relates to expenses incurred by corporate office and is not allocated to other operating segments.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Group's operating segments for the years ended 31 December 2019 and 2018, respectively.

Intersegment revenues are eliminated on consolidation.

(Unit: Million Baht)

	For the year ended 31 December 2019				Total
	Hotel Business	Property Development	Office Rental	Head Office	
Revenue:					
Segment revenue					
Total revenues	3,552	2,574	104	-	6,230
Intersegment revenues	(196)	(6)	(13)	-	(215)
Revenue from external customers	3,356	2,568	91	-	6,015
Results:					
Segment results	4	701	21	(158)	568
Unallocated income					104
Profit from operations and other income					672
Interest income	2	36	-	-	38
Finance cost	(92)	(21)	-	(19)	(132)
Share of profit from investments in associates					5
Profit before income tax expenses					583
Income tax expenses	(33)	(154)	(4)	(40)	(225)
Profit for the year					358
<b>Other segment information</b>					
Depreciation of property, plant and equipment	387	15	3	7	412
Amortisation of leasehold rights	-	2	-	-	2

(Unit: Million Baht)

For the year ended 31 December 2018 (restated)

	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	3,774	1,713	112	-	5,599
Intersegment revenues	(202)	(7)	(13)	-	(222)
Revenue from external customers	3,572	1,706	99	-	5,377
Results:					
Segment results	147	151	26	(122)	202
Unallocated income					70
Profit from operations and other income					272
Interest income	2	29	-	-	31
Finance cost	(104)	(46)	-	(8)	(158)
Share of profit from investments in associates					66
Profit before income tax expenses					211
Income tax expenses	(42)	(41)	(5)	(40)	(128)
Profit for the year					83
<b>Other segment information</b>					
Depreciation of property, plant and equipment	355	11	3	7	376
Amortisation of leasehold rights	-	2	-	-	2

Revenue from external customers is based on locations of the customers.

(Unit: Million Baht)

	2019	2018 (Restated)
Revenue from external customers		
Thailand	5,966	5,334
Others	49	43
Total	6,015	5,377
Non-current assets other than financial instruments and deferred tax assets		
Thailand	14,982	13,147
Others	51	55
Total	15,033	13,202

For the years 2019 and 2018, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

#### 41. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investment properties	-	-	1,411	1,411
Property, plant and equipment - land and building	-	-	11,748	11,748
<b>Assets disclosed at fair values</b>				
Investment in associate - Thai Wah Plc.	369	-	-	369

(Unit: Million Baht)

	Separate financial statements			
	31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investment properties	-	-	182	182
Property, plant and equipment - land and building	-	-	24	24
<b>Assets disclosed at fair values</b>				
Investment in associate - Thai Wah Plc.	369	-	-	369

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investment properties	-	-	1,233	1,233
Property, plant and equipment - land and building	-	-	10,334	10,334
<b>Assets disclosed at fair values</b>				
Investment in associate - Thai Wah Plc.	733	-	-	733

(Unit: Million Baht)

	Separate financial statements			
	31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investment properties	-	-	184	184
Property, plant and equipment - land and building	-	-	15	15
<b>Assets disclosed at fair values</b>				
Investment in associate - Thai Wah Plc.	733	-	-	733

## 42. Financial instruments

### 42.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables and payables, loans, investments, short-term loans and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable from the hotel, space rental, and property development businesses. However, due to the large number and diversity of the entities comprising the Group's customer base, the Group does not anticipate material losses from debt collection.

#### Interest rate risk

The Group's exposure to interest rate risk relates primarily to their deposits with financial institutions, trade accounts receivable, long-term trade accounts receivable, bank overdrafts and loans. Most of the Group's financial assets and liabilities have floating interest rates or fixed interest rates which are close to the market interest rates. The Group does not use derivative financial instruments to hedge such risk.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2019						
Fixed interest rates						
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	649	7	656	0.22 - 0.60
Current investments	14	-	-	-	14	0.90
Trade and other receivables	261	-	1	553	815	3.00 - 7.00
Long-term fixed deposit	-	2	-	-	2	1.45
Long-term trade accounts receivable	-	796	1	-	797	3.00 - 7.00
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	1,163	1,163	-
Short-term loans from financial institutions	-	-	1,117	-	1,117	2.40 - 6.00
Long-term loans from financial institutions	-	-	4,858	-	4,858	4.53 - 5.53
Long-term loans from related company	-	-	27	-	27	1.50

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2019						
Fixed interest rates						
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	22	-	22	0.25 - 0.375
Trade and other receivables	-	-	-	64	64	-
Long-term fixed deposit	-	2	-	-	2	1.45
Long-term loans to subsidiaries	-	-	1,906	-	1,906	5.53
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	39	39	-
Short-term loans from financial institution	-	-	650	-	650	3.53 - 3.60
Long-term loans from subsidiaries	-	-	173	-	173	1.85 - 6.58
Long-term loans from financial institution	-	-	1,364	-	1,364	4.53 - 4.78

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2018						
Fixed interest rates						
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	594	8	602	0.25 - 0.85
Current investments	14	-	-	-	14	0.90
Trade and other receivables	176	-	10	450	636	3.00 - 12.00
Long-term fixed deposit	-	2	-	-	2	0.90
Long-term trade accounts receivable	-	487	1	-	488	3.00 - 12.00
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	886	886	-
Short-term loans from financial institutions	-	-	450	-	450	3.63
Long-term loans from financial institutions	-	-	2,997	-	2,997	4.53 - 5.28

	Separate financial statements					
	As at 31 December 2018					
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	23	-	23	0.25 - 0.375
Trade and other receivables	-	-	-	63	63	-
Long-term fixed deposit	-	2	-	-	2	0.90
Long-term loans to subsidiaries	-	-	987	-	987	4.37
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	34	34	-
Short-term loans from financial institution	-	-	240	-	240	3.63
Long-term loans from subsidiaries	-	-	434	-	434	2.10 - 6.95
Long-term loans from financial institution	-	-	74	-	74	4.53

## Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. In addition to those transactional exposures, the Group is also exposed to the effect of foreign exchange movements on its investment in foreign subsidiaries and associates, which currently are not hedged by any derivative financial instrument.

The balances of the Group's financial assets and liabilities denominated in foreign currencies are summarised below.

	Consolidated financial statements				Separate financial statements				Average exchange rate as at	
	Financial assets		Financial liabilities as at		Financial assets		Financial liabilities as at			
	as at		as at		as at		as at		31 December	
	31 December		31 December		31 December		31 December		31 December	
Foreign currency	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	1	2	-	-	-	-	-	-	30.1084	32.4036

## 42.2 Fair value of financial instruments

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash at banks, accounts receivable and accounts payable, their carrying amounts in the statement of financial position approximate their fair value.
- For short-term and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

#### **43. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at 31 December 2019, the Group's debt-to-equity ratio was 0.93:1 (2018: 0.64:1) and the Company's was 0.48:1 (2018: 0.17:1).

#### **44. Litigation**

44.1 A case was brought to the Phuket Provincial Court since 2004 in which a contractor (the plaintiff) sued a subsidiary and claimed for compensation and damages from the subsidiary. The plaintiff referred in the plaint that the plaintiff entered into construction contracts with the subsidiary in order to construct 24 houses in Laguna Townhomes II project. The plaintiff completed some of the construction and received some payments from the subsidiary. The construction could not be completed within the completion date of the contracts, therefore, the subsidiary terminated the contract. The plaintiff claimed that the subsidiary did not pay the plaintiff the last 10 payments of their work and did not return the retention to the plaintiff. The subsidiary countered that the plaintiff did not complete the work on the schedule and the subsidiary had to hire another contractor to complete their work. The subsidiary had to pay extra amount to the new contractor, therefore, the subsidiary did not have to pay the plaintiff for the uncompleted work and to return the retention.

In December 2017, the Phuket Provincial Court ordered the subsidiary to return Baht 3.7 million to the plaintiff plus interest 7.5% from the plaint date until the subsidiary has made full payment.

On 18 December 2018, the subsidiary placed Baht 17 million to the Phuket Provincial Court as security for the amount awarded by the Appeal Court.

On 18 February 2019, the subsidiary submitted the appeal statement to the Supreme Court. This case is now pending on the Supreme Court's consideration.

As at 31 December 2019, the subsidiary set aside a provision of Baht 17 million for liabilities arising as a result of this case (2018: Baht 17 million).

44.2 A subsidiary was sued from 11 time-share members for the breaching of agreements and requested for refunds. The Phuket Provincial Court ordered the subsidiary to pay 11 members in the total amount of Baht 2.5 million plus interest 7.5% from the plaint date until the subsidiary has made full payment. However, the Appeal Court reversed the judgement of the Phuket Provincial Court and dismissed the case.



On 11 July 2018, the Supreme Court granted the request to appeal the Appeal Court's judgement of the plaintiff and accepted this case on their consideration.

In October 2019, the Supreme Court revised the judgement of the Appeal Court and confirmed the judgement of the Phuket Provincial Court instead. Therefore, the Supreme Court ordered the subsidiary to pay 11 LHC's member in the total amount of Baht 2.5 million plus interest 7.5% from the plaint date until the subsidiary has made full payment.

In December 2019, the subsidiary has already placed all payment to the Court.

- 44.3 Two subsidiaries were sued by a former buyer of property sales project and claimed for refund of her payment in the amount of Baht 4.1 million plus interest 15% calculated from Baht 2.9 million from the plaint date.

On 15 August 2018, the Phuket Provincial Court ordered both subsidiaries to return Baht 1.4 million to the plaintiff plus interest 7.5% from the plaint date until both subsidiaries have made full payment.

On 26 February 2019, the Appeal Court confirmed the judgement of the Phuket Provincial Court.

On 21 June 2019, the subsidiaries submitted the appeal statement to the Supreme Court. This case is now pending on the Supreme Court's consideration.

As at 31 December 2019, the subsidiaries set aside a provision of Baht 1.7 million for liabilities arising as a result of this case (2018: Nil).

- 44.4 The Company was sued by a former shop lessee that the Company has breached the lease agreement and claimed for compensation of Baht 3.9 million plus interest 7.5% from the plaint date. However, the Phuket Provincial court and the Appeal court dismissed the case. This case is now pending on the Supreme Court's consideration. The Company does not set up provision for this case.

#### **45. Event after reporting period**

On 25 February 2020, the meeting of the Company's Board of Directors passed the resolution to propose to Annual General Meeting of the Company's shareholders for approval of dividend payment from the retained earnings as at 31 December 2019. The dividend will be paid by cash at the rate of Baht 0.43 per share. The payment of the final dividend is dependent on approval being granted by the shareholders.

#### **46. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2020.